

FORM A

STATEMENT REGARDING THE ACQUISITION OF CONTROL OF
PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT

(the “Domestic Insurer”)

controlled through affiliation by

STATE AUTOMOBILE MUTUAL INSURANCE COMPANY

by

LIBERTY MUTUAL HOLDING COMPANY INC.,

LMHC MASSACHUSETTS HOLDINGS INC.

and

LIBERTY MUTUAL GROUP INC.

(each an “Applicant” and, collectively, the “Applicants”)

Filed with the Connecticut Insurance Department

~~Dated: August 6~~ Amended and Restated: December 9, 2021

Name, Title, Address and Telephone Number of Individuals to Whom Notices and
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This Form A Statement (including all exhibits attached hereto, this “Form A”) seeks the prior approval of the Commissioner of Insurance of the State of Connecticut (the “Commissioner”) pursuant to Conn. Gen. Stat. § 38a-130 and Conn. Agencies Regs. §§ 38a-138-6 and 38a-138 Appendix A for the acquisition of control of Patrons Mutual Insurance Company of Connecticut by the Applicants.

ITEM 1. DOMESTIC INSURER AND METHOD OF ACQUISITION

(a) The Domestic Insurer

This Form A relates to the proposed acquisition of control of Patrons Mutual Insurance Company of Connecticut, a property and casualty mutual insurance company domiciled in Connecticut (the “Domestic Insurer”).

The address, NAIC number and Federal Identification Number of the Domestic Insurer is as follows:

Patrons Mutual Insurance Company of Connecticut

Home Office: 100 Pearl Street, 11th Floor
Hartford, Connecticut 06103

Administrative Office: 518 East Broad Street
Columbus, Ohio 43215

NAIC Number: 14923

FEIN Number: 06-0487440

The Domestic Insurer is controlled by State Automobile Mutual Insurance Company, a property and casualty mutual insurance company domiciled in Ohio (“SAM”).¹ SAM is a mutual insurance company, and as such, the membership interests in SAM are held by its policyholders.

(b) Method of Acquisition

Merger Agreement

On July 12, 2021, Liberty Mutual Holding Company Inc., a Massachusetts mutual holding company (“LMHC”), Pymatuning, Inc., an Ohio corporation and wholly owned indirect subsidiary of LMHC (“Merger Sub I”), and Andover, Inc., an Ohio corporation and wholly owned direct subsidiary of LMHC (“Merger Sub II”), entered into an Agreement and Plan of Merger and Combination (the “Merger Agreement”) with State Auto Financial Corporation, a publicly traded Ohio corporation (“STFC”),² and SAM, pursuant to which LMHC has agreed to acquire SAM and STFC (the “Proposed Transaction”). A copy of the Merger Agreement (excluding exhibits, schedules and annexes thereto) is attached hereto as Exhibit A and

¹ Following the approval of the Connecticut Insurance Department, SAM acquired control of the Domestic Insurer in 2007 through a mutual affiliation transaction.

² As of July 12, 2021, SAM held approximately 58.8% of the outstanding common shares of STFC. As of the date of this Form A, no filings made with the U.S. Securities and Exchange Commission (the “SEC”) show any other person holding 10% or more of the voting securities of STFC.

incorporated herein by reference. Exhibits and schedules to the Merger Agreement with redactions and withholdings as agreed with the Department are attached as Exhibit K-1 and Exhibit K-2 (Schedule I (Governmental Consents) and Schedule II (Advisory Board Members) to the Merger Agreement, respectively) and Exhibit L-1 and Exhibit L-2 (the Disclosure Letter of LMHC and the redacted Disclosure Letter of SAM and STFC, respectively). As indicated in Section 10.03 of the Merger Agreement, the Merger Agreement, the Voting Agreement (summarized in Item 8 below) and a related confidentiality agreement constitute the entire agreement among the parties with respect to the subject matter thereof.

Under the terms of the Merger Agreement, the parties will effectuate the Proposed Transaction through a mutual transaction which will entail the reorganization of SAM pursuant to a Plan of Reorganization (the “Plan of Reorganization”) effectuated through a merger of Merger Sub II with and into SAM, with SAM surviving as an Ohio domiciled reorganized stock insurance subsidiary of LMHC (SAM, as so reorganized, “Reorganized SAM”),³ and the merger of Merger Sub I with and into STFC, with STFC surviving such merger as the surviving corporation (the “STFC Merger”).

At the effective time of the Proposed Transaction, voting, distribution, demutualization, and dividend rights granted to SAM members, either by law or by the organizational documents of SAM, will be extinguished, and the SAM members shall immediately become LMHC members and receive equity rights in LMHC with the same voting, distribution, dividend and demutualization rights granted to members of LMHC. Such rights will continue so long as such LMHC member’s related policy remains in force. Holders of policies that are issued or renewed by SAM after the effective time of the Proposed Transaction will be members of LMHC, provided, however, that the rights of a person as an LMHC member will continue only so long as the related policy remains in force.

The term “SAM members” as used herein does not include the Domestic Insurer’s members. SAM has members based on Ohio law and its organizational documents. The Domestic Insurer has members based on Connecticut law and its organizational documents. Upon closing of the Proposed Transaction, the members of the Domestic Insurer will remain members of the Domestic Insurer. None of the rights of the members of the Domestic Insurer as a mutual insurer, as set by Connecticut law and the Domestic Insurer’s organizational documents, will be altered, amended or adversely affected by the Proposed Transaction. Accordingly, the Domestic Insurer’s members have not voted on the Plan of Reorganization.

The Plan of Reorganization must be approved by the affirmative vote of at least a majority of the votes cast by SAM members. An owner of a policy or policies of insurance with SAM is a member of SAM while such policy is in force. The determination of SAM members for purposes of considering and voting upon the approval of the Plan of Reorganization and SAM’s amended organizational documents was determined on the basis of SAM’s records in accordance with the Plan of Reorganization.

³ As a result of such reorganization and merger, SAM will cease to be a mutual insurer, and the SAM members will become members of LMHC.

SAM members were provided notice of the special meeting at least thirty (30) days prior to November 22, 2021, the date fixed for the meeting. Notice of the time and place of the meeting was sent by mail to each SAM member at the SAM member's post office address as it appeared on the books and records of SAM.

At the special meeting of SAM members held on November 22, 2021, at which a quorum was present, the members of SAM voted to approve the Plan of Reorganization and SAM's amended organizational documents, and to adopt the Merger Agreement, with approximately 88% of votes cast by SAM members in person (virtually) or by proxy at such meeting in favor of such proposal.

The board of directors of SAM, by resolution of not less than two-thirds of its members, may amend the Plan of Reorganization at any time after the SAM member approval, but only if the amendment is required by the Ohio Superintendent in order for the Ohio Superintendent to approve the Plan of Reorganization as being fair and equitable to SAM members or in order to conform the Plan of Reorganization to the requirements of applicable law; provided that no such amendment may be made which could materially adversely affect the interests of SAM members.

Pursuant to the Merger Agreement, each share of STFC's common stock, no par value per share, that is issued and outstanding immediately prior to the effective time of the STFC Merger (other than (i) shares owned by SAM, STFC (as treasury shares or otherwise) or that may be owned by LMHC⁴ and (ii) dissenting shares) will be converted into the right to receive an amount in cash, without interest, equal to \$52.00, and will be automatically cancelled and retired and cease to exist.

After the consummation of the Proposed Transaction, Merger Sub I and Merger Sub II, each an acquisition vehicle formed for the purpose of effecting the Proposed Transaction, will no longer exist or function independently from STFC and Reorganized SAM, respectively (into which they will have been respectively merged).

In the days following the closing of the Proposed Transaction (the "Closing"), LMHC intends to contribute all of the common stock of Reorganized SAM to its direct, wholly owned subsidiary, LMHC Massachusetts Holdings Inc., a Massachusetts stock holding company ("MHI"), which will, in turn, immediately contribute all of such common stock to its direct, wholly owned subsidiary, Liberty Mutual Group Inc., a Massachusetts stock holding company ("LMGI"). In addition, in the days following the Closing, LMGI intends to contribute all of the common stock it holds in STFC as a result of the STFC Merger to Reorganized SAM.

Following the consummation of the Proposed Transaction and such subsequent contributions, (i) LMGI will directly own 100% of the issued and outstanding shares of capital stock of Reorganized SAM, and (ii) Reorganized SAM will directly own 100% of the issued and

⁴ As of the date of this Form A, LMHC does not own any shares of STFC's common stock.

outstanding shares of capital stock of STFC. As a result, Reorganized SAM will become a wholly owned indirect subsidiary of LMHC, and LMHC will become the new ultimate controlling person of each of Reorganized SAM and, through assumption of the rights of SAM under the affiliation arrangement in place between SAM and the Domestic Insurer, the Domestic Insurer.

Directors and Management

The structure of the board of directors and management of Reorganized SAM will change as of the Closing, as SAM will no longer serve as the ultimate controlling person of the SAM and STFC group of insurers. In order to align with the slate of directors of the other insurance companies within the Liberty Mutual insurance holding company group ~~of companies~~ (the “Liberty Mutual Group”), it is expected that none of the current directors serving on the board of directors of SAM will continue as directors of Reorganized SAM. Although the current executive officers of SAM will no longer serve as executive officers as of the Closing, it is currently anticipated that a number of SAM’s current executive officers will hold leadership positions in the combined organization after the Closing.⁵

Closing Conditions

LMHC, SAM and STFC have each made customary representations and warranties in the Merger Agreement. The Merger Agreement also contains customary covenants and agreements, including covenants regarding (i) the conduct of each of SAM’s and STFC’s businesses prior to the Closing and (ii) the respective standards of effort required of the parties to cause the Proposed Transaction to be completed.

The Closing is subject to the satisfaction or, to the extent permitted by applicable law, waiver of customary closing conditions, including but not limited to: (i) approval of the plan of reorganization of SAM by the SAM members and the Ohio Department of Insurance, (ii) approval of the STFC Merger by the STFC shareholders,⁶ (iii) expiration or termination of any waiting period (and any extension of such period) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”), (iv) receipt of certain specified governmental and regulatory approvals, including the approval of the Connecticut Insurance Department (the “Department”) sought herein, (v) no governmental authority of competent jurisdiction having enacted, issued, promulgated, enforced or entered any law that is in effect on the date of the Closing and that enjoins, prevents or otherwise prohibits the Closing, (vi) subject to specified materiality standards, the accuracy of the representations and warranties of each

⁵ LMHC has offered retention bonuses to certain executive officers and selected other employees to be paid subject to the individual’s continued employment through a post-Closing retention period.

⁶ [At a meeting of the shareholders of STFC on September 29, 2021, STFC shareholders voted overwhelmingly to adopt the proposed merger agreement with 99.5% of shares voted in favor of the proposal to adopt the merger agreement.](#)

party and (vii) compliance by each party in all material respects with its covenants. The Closing is not conditioned on receipt of financing by LMHC.

On July 23, 2021, each of LMHC and SAM filed a notification under the HSR Act. The ~~initial 30-day~~ waiting period ~~will expire at 11:59 p.m. (ET),~~ under the HSR Act expired on August 23, 2021, thereby providing clearance for the closing of the Proposed Transaction from a federal antitrust perspective.

Stay Bonuses

On July 12, 2021, STFC agreed to provide stay bonuses (each a “Stay Bonus” and, collectively, the “Stay Bonuses”) to the eight members of STFC’s senior leadership team, including each of STFC’s named executive officers (Michael E. LaRocco, Steven E. English, Kim B. Garland, Gregory A. Tacchetti, and Paul M. Stachura) (the “Named Executive Officers”). Mr. English’s Stay Bonus will be in the amount of \$250,000 and the other Named Executive Officers’ Stay Bonuses will be in the amount of \$150,000 each. The Stay Bonuses will be paid to each recipient in a lump sum on the Closing, subject to (a) their continued employment through the Closing or the involuntary termination of their employment prior to the Closing, (b) their execution and non-revocation of a release of claims in favor of STFC and (c) the terms of a Stay Bonus Agreement between STFC and the applicable executive.⁶⁷

Additional Information

The foregoing summary of the terms of the Merger Agreement is qualified in its entirety by the terms and conditions of the Merger Agreement. Additional information about the Merger Agreement can be found in the Current Report on Form 8-K filed by STFC with the SEC on July 12, 2021.

Benefits of Proposed Transaction

If consummated, the Proposed Transaction will significantly expand Liberty Mutual’s position as an industry leader for personal lines and small commercial insurance. Liberty Mutual today distributes its Safeco Insurance personal auto, homeowners and specialty products, and Liberty Mutual small business insurance, through more than 10,000 independent agencies countrywide. Through the Proposed Transaction, Liberty Mutual will add \$2.3 billion in premium and State Auto’s network of approximately 3,400 independent agencies across 33 states and is expected to become the second largest carrier in this key distribution channel.

The Proposed Transaction is expected to result in the following benefits (among others) for the combined organization:

- (i) Opportunity to leverage additional platforms for growth;

⁶⁷ This summary of the terms of the Stay Bonus Agreement is qualified in its entirety by the terms and conditions of the form of Stay Bonus Agreement, a copy of which can be found in the Current Report on Form 8-K filed by STFC with the SEC on July 12, 2021.

- (ii) Enhanced distribution channels;
- (iii) Greater diversification of risk, including greater geographic diversity; and
- (iv) Expansion of SAM's intellectual property and technology expertise to the combined organization, enhancing long-term capabilities.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANTS

(a) Names and Business Addresses

The name and current business address of each Applicant seeking to acquire control of the Domestic Insurer are as follows:

Liberty Mutual Holding Company Inc.

175 Berkeley Street
Boston, Massachusetts 02116

LMHC Massachusetts Holdings Inc.

175 Berkeley Street
Boston, Massachusetts 02116

Liberty Mutual Group Inc.

175 Berkeley Street
Boston, Massachusetts 02116

(b) Business Operations of the Applicants

Liberty Mutual Holding Company Inc.

LMHC was formed in 2001 as part of the mutual holding company reorganization of Liberty Mutual Insurance Company, a Massachusetts stock property and casualty insurance company founded in 1912 ("LMIC"). LMHC is a Massachusetts mutual holding company and, through its direct, wholly owned subsidiary, MHI, the ultimate parent company of LMGI and its subsidiaries, including insurance operating subsidiaries.

The Liberty Mutual group is a diversified global insurer and the fourth largest property and casualty insurer in the U.S. based on 2020 direct written premium. It ranks 71st on the Fortune 100 list of largest corporations in the U.S. based on 2020 revenue. As of December 31, 2020, LMHC had \$145.377 billion in consolidated assets, \$119.420 billion in consolidated liabilities, and \$43.796 billion in annual consolidated revenue.

LMHC employs more than 45,000 people in 29 countries and economies around the world. LMHC, through its subsidiaries and affiliated companies, offers a wide range of property and casualty insurance products and services to individuals and businesses alike, including personal automobile, homeowners, accident & health, commercial automobile, general liability, property, surety, workers compensation, group disability, group life, specialty lines, reinsurance

and individual life products. Functionally, LMHC conducts substantially all of its business through two business units, with each operating independently of the other in certain areas such as sales, underwriting and claims, but, as appropriate, collaborating in other areas such as actuarial and financial. Management believes this structure provides increased synergy to LMHC and permits each business unit to execute its business strategy and/or to make acquisitions without impacting or disrupting the operations of the other business unit.

LMHC Massachusetts Holdings Inc.

MHI, a Massachusetts stock holding company, was formed in 2001 as part of the mutual holding company reorganization of LMIC, and it is a direct, wholly owned subsidiary of LMHC. As a holding company, MHI has no operations of its own and its assets consist primarily of investments in subsidiaries.

Liberty Mutual Group Inc.

LMGI, a Massachusetts stock holding company was formed in 2001 as part of the mutual holding company reorganization of LMIC, and it is a direct, wholly owned subsidiary of MHI. As a holding company, LMGI has no operations of its own and its assets consist primarily of investments in subsidiaries.

(c) Organizational Chart

Attached as Exhibit B-1 is an organizational chart presenting the identities of, and interrelationships among, the Applicants and their respective subsidiaries and affiliates before giving effect to the Proposed Transaction, and attached as Exhibit B-2 is an organizational chart presenting the identities of, and interrelationships among, the Applicants and their respective subsidiaries and affiliates after giving effect to the Proposed Transaction. Attached as Exhibit B-3 and Exhibit B-4, respectively, are abbreviated organizational charts depicting the ownership structure of the Domestic Insurer before and after giving effect to the Proposed Transaction. The organizational charts indicate the percentage of voting securities of each entity owned or controlled by the Applicants or any other such persons, the type of organization (*e.g.*, corporation, trust, partnership) and the state or other jurisdiction of domicile or incorporation, as applicable. Unless otherwise indicated on such charts or in this Form A, each entity is a corporation and control is maintained by the ownership or control of all outstanding voting securities or as otherwise noted in Schedule Y to the statutory statements of insurers in the Liberty Mutual ~~group~~Group or the SAM and STFC group, as applicable. There are no court proceedings involving a reorganization or liquidation pending with respect to any of the entities depicted in the organizational chart attached hereto as Exhibit B-1; provided that the Applicants from time to time voluntarily dissolve affiliated entities in the ordinary course of business operations.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANTS

(a) Names and Business Addresses

Directors and Executive Officers of Applicants

Lists setting forth the names and business addresses of the directors and executive officers of LMHC, MHI and LMGI on the date hereof are attached hereto as Exhibit C-1, Exhibit C-2 and Exhibit C-3, respectively.⁸ Each individual named in the foregoing referenced lists is referred to herein as an “Individual” and, collectively, as the “Individuals.”

Biographical affidavits on the form adopted by the National Association of Insurance Commissioners completed by the Individuals, with personal information redacted, ~~will be submitted to the Department supplementally~~ are attached hereto as Exhibit M (the “NAIC Biographical Affidavits”).⁹ Original unredacted versions of the NAIC Biographical Affidavits ~~will be were~~ submitted to the Department separately in a sealed envelope marked “Confidential.”⁷¹⁰ Copies of the unredacted NAIC Biographical Affidavits ~~will be have been~~ provided to a third-party verification service for verification of the information therein. Such verification service has reported or will report its findings directly to the Department upon completion of the verification process: ~~and, pursuant to the Department’s instructions, the vendor preparing the verification report was instructed to provide to the Department two versions of such report, a non-public version that includes personal information and a public version with such personal information redacted.~~

At the Closing, no changes are expected to be made to the Applicants’ board of directors or officers.

Directors and Executive Officers of the Domestic Insurer

Set forth below are the names of the proposed directors and executive officers of the Domestic Insurer effective as of or shortly after the Closing. This list of proposed directors and executive officers is also attached as Exhibit D-1 hereto.

Directors

<u>Name</u>	<u>Title</u>
<u>Mark C. Touhey</u>	<u>Director</u>
<u>James M. Czapl</u>	<u>Director</u>

⁸ Exhibit C-1 and Exhibit C-3 have been updated to reflect the appointment of a new director of LMHC (Anne Waleski) and a new executive officer of LMHC and LMGI (Paul Sanghera) following the resignation of Alison Erbig from her position as an executive officer of LMHC and LMGI.

⁹ NAIC biographical affidavits for each of Ms. Waleski and Mr. Sanghera will be provided to the Department supplementally.

⁷¹⁰ All unredacted NAIC Biographical Affidavits ~~will be are~~ provided to the Department with the express understanding that the confidentiality of the personal information contained therein will be safeguarded, and such individuals submitting NAIC biographical affidavits will be protected from unwarranted invasions of personal privacy, pursuant to all applicable provisions of law, including but not limited to Conn. Gen. Stat. §1-210, which prohibits the release of certain personal information, and any other applicable statutory or regulatory authority available to the Commissioner.

Matthew P. Dolan	Director
Alison B. Erbig	Director
Michael J. Fallon	Director
Julie M. Haase	Director
James M. MacPhee	Director
Elizabeth J. Morahan	Director
Paul Sanghera	Director

Officers

<u>Name</u>	<u>Title</u>
Mark C. Touhey	Chairman of the Board, Secretary, Executive Vice President
Paul Sanghera	Comptroller, Executive Vice President
James M. MacPhee	President, Chief Executive Officer
Vlad Y. Barbalat	Chief Investment Officer, Executive Vice President
Damon P. Hart	Chief Legal Officer, Executive Vice President
Christopher L. Peirce	Chief Financial Officer, Executive Vice President
Edward J. Pena	Treasurer, Executive Vice President

The Applicants have no present plans or proposals to include independent directors on the board of the Domestic Insurer. This approach is consistent with existing affiliate relationships and wholly owned subsidiaries within the Liberty Mutual Group. The board of LMHC, the ultimate controlling person within the Liberty Mutual Group, has independent directors and an independent audit committee in compliance with NAIC guidance on this topic.

(b) Present Activity

The present principal business activity, occupation or employment, including position and office held and the name, principal business and address of any corporation or other organization in which such employment is carried on, for the Individuals filing NAIC Biographical Affidavits ~~will be~~[are](#) stated in the NAIC Biographical Affidavits.

(c) Material Occupations, Positions, Officers and Employment History

The material occupations, positions, offices or employment during the last five years, including the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on, for the Individuals filing NAIC Biographical Affidavits ~~will be~~[are](#) included in the NAIC Biographical Affidavits. Except as may be set forth in the NAIC Biographical Affidavits, no such occupation, position, office or employment listed in the NAIC

Biographical Affidavits required licensing by, or registration with, any Federal, state or municipal governmental agency.

(d) Criminal Proceedings

To the knowledge of the Applicants, no Individual filing an NAIC Biographical Affidavit has been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten years.

(e) Bankruptcy Proceedings

To the knowledge of the Applicants, except as may be set forth in the NAIC Biographical Affidavits, no Individual filing an NAIC Biographical Affidavit, has, during the last ten years, been the subject of any proceeding under the Federal Bankruptcy Code, or, during the ten year period, has any business or organization in which such person was a director, officer, trustee, partner, owner, manager or other official been subject to any such proceeding, either during the time in which such person was a director, officer or trustee, if a corporation, or a partner, owner, manager, joint venture, or the official, if not a corporation, or within twelve months thereafter.

(f) Violation of Insurance, Securities or Banking Laws

To the knowledge of the Applicants, except as may be set forth in the NAIC Biographical Affidavits, no Individual filing an NAIC Biographical Affidavit, has, during the last ten years, been enjoined, either temporarily or permanently, by a court of competent jurisdiction from violating, actually or potentially, any federal or state law regulating the business of insurance, securities or banking.

(g) Credit Report

The Applicants acknowledge that the Department reserves the right to receive credit histories for the Individuals. The Applicants will provide a credit report by an independent credit agency for any of the Individuals if requested by the Department.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Consideration

The Proposed Transaction's cash consideration is approximately \$1 billion. The calculation of the purchase price is described in the paragraph below. Consummation of the Proposed Transaction is not conditioned on receipt of financing by LMHC. LMHC intends to fund the cash consideration for the Proposed Transaction using available funds, including cash on hand and, potentially, available lines of credit. Other than available lines of credit, no new third party loans or other external financing will be utilized for the sole purpose of funding the purchase price. The stock and assets of the Domestic Insurer will not be pledged or hypothecated in any way as part of the funding of the purchase price of the Proposed Transaction by LMHC.

The Applicants do not anticipate that using potential available lines of credit to fund the cash consideration for the Proposed Transaction will have any potential adverse effect on any future capital or liquidity. As indicated above, the Applicants will not enter into any new third party loans or external financing for the sole purpose of funding the Proposed Transaction. However, the Applicants may leverage available lines of credit, including existing third-party lines of credit, as used in the normal course of business and to foster effective cash management and operational efficiency throughout the Liberty Mutual Group structure.

With respect to the STFC Merger, pursuant to the Merger Agreement, each share of STFC's common stock, no par value per share, that is issued and outstanding immediately prior to the effective time of the STFC Merger (other than shares owned by LMHC (if any), SAM and STFC (as treasury shares or otherwise) and dissenting shares) will be converted into the right to receive an amount in cash, without interest, equal to \$52.00, and will be automatically cancelled and retired and cease to exist.

(b) Criteria Used in Determining Consideration

The basis and terms of the Merger Agreement, including the nature and amount of consideration, were determined through arms' length negotiations among the representatives of LMHC, on the one hand, and the representatives of SAM and STFC, on the other hand, and their respective legal and other advisors. Following due diligence by LMHC, the amount and type of consideration was determined by taking into account the consideration paid in other recent acquisitions of similar types of businesses, as well as the financial position and results of operations of the entities to be acquired, including the past and present business operations, historical and potential earnings, financial condition and prospects, assets and liabilities and such other factors and information as LMHC considered relevant under the circumstances.

In addition, the board of directors of LMHC received two fairness opinions¹¹ in connection with the Proposed Transaction, one from Waller Helms Advisors LLC to the effect that the Proposed Transaction is fair, from a financial point of view, to LMHC's members (excluding SAM's members which become LMHC's members as a result of the Proposed Transaction), taken as a group, and the other from Goldman Sachs & Co. LLC to the effect that the aggregate merger consideration to be paid, taken together with the aggregate equity rights to be issued, by LMHC pursuant to the Merger Agreement is fair, from a financial point of view, to LMHC. Both opinions are as of the date of such respective opinion and are based on and subject to the assumptions, limitations, qualifications and other matters set forth in such written opinion.

A special committee of independent SAM directors also received a fairness opinion, from BofA Securities, Inc. to the effect that the exchange of equity rights in SAM for equity rights in LMHC in the Proposed Transaction is fair, from a financial point of view, to SAM's members,

¹¹ Copies of the two fairness opinions provided to the board of directors of LMHC and the fairness opinion provided to a special committee of independent SAM directors were provided to the Department for in camera review. As agreed to by the Department, these fairness opinions are confidential and will not be submitted with this Form A.

taken as a group. A separate special committee of independent STFC directors also received a fairness opinion from Houlihan Lokey Capital, Inc. to the effect that the merger consideration to be received by the holders of STFC's shares, other than SAM or any of STFC's subsidiaries, in the STFC Merger pursuant to the Merger Agreement is fair, from a financial point of view, to such holders (other than SAM or any of STFC's subsidiaries). Both opinions are as of the date of such respective opinion and based on and subject to the assumptions, limitations, qualifications and other matters considered in connection with the preparation of such opinion.

ITEM 5. FUTURE PLANS OF THE DOMESTIC INSURER

The Applicants have no present plans or proposals to cause the Domestic Insurer to declare any extraordinary dividend, to liquidate the Domestic Insurer, to sell the assets of the Domestic Insurer (except for transactions, such as investment portfolio transactions, in the ordinary course of business), to merge the Domestic Insurer with any person or persons or, other than as described below in this Item 5, to make any other material change in the Domestic Insurer's business operations or corporate structures or management.

The Applicants have no current plans to change the name of the Domestic Insurer or relocate its home office or its corporate records. In addition, although the Applicants have no current plans or proposals to make any changes to the Domestic Insurer's in-force third party reinsurance coverage or reinsurers, the Applicants may purchase similar protections or include the Domestic Insurer in LMHC's existing reinsurance programs when the Domestic Insurer's in-force programs expire. In addition, the Applicants intend to terminate an existing inter-company reinsurance pooling agreement and to add the Domestic Insurer to the Pooling Agreement (as defined below).

The Applicants reserve the right to review the Domestic Insurer's business, assets, corporate structure, dividend policy, capitalization, operating properties, business policies, articles of incorporation, by-laws, management and personnel and, subject to applicable state insurance regulatory requirements, to exercise their rights as controlling persons of the Domestic Insurer accordingly.

Inter-Company Reinsurance Pooling Agreement

LMIC and its US-domestic affiliated underwriting companies share the results of their respective underwriting activity pursuant to the Liberty Mutual Second Amended & Restated Inter-Company Reinsurance Agreement (the "Pooling Agreement"), an inter-company reinsurance pooling arrangement. LMIC is the pool leader. All of the pool members (other than LMIC) cede 100% of their underwriting activity to LMIC, net of third party reinsurance. LMIC in turn retrocedes 50% of the entirety of the pool's underwriting activity to the following five other pool members and retains the remaining 50%: Peerless Insurance Company, Liberty Mutual Fire Insurance Company, Employers Insurance Company of Wausau, The Ohio Casualty Insurance Company and Safeco Insurance Company of America.

~~Effective as of the date of the Closing, the Applicants intend to cause the Domestic Insurer to join the Pool by joining the Pooling Agreement via an amendment (the "Pooling Agreement Amendment"). The Applicants acknowledge that the Pooling Agreement~~

~~Amendment will be subject to review by the Department pursuant to a Form D (Prior Notice of a Transaction) filing.~~

On October 22, 2021, the Applicants submitted to the Department an unexecuted Form D (Prior Notice of a Transaction) relating to the commutation of an existing reinsurance pooling agreement within the State Auto insurance holding company group and the entrance by the Domestic Insurer into a reinsurance pooling agreement within the Liberty Mutual Group (the "Pooling Form D"). As indicated in the Pooling Form D, all of the pool members within the Liberty Mutual group (other than the pool leader Liberty Mutual Insurance Company or LMIC) cede 100% of their underwriting activity to LMIC, net of third party reinsurance, and LMIC in turn retrocedes 50% of the entirety of the pool's underwriting activity to five other pool members in specified percentages and retains the remaining 50%. The remaining pool participants each retain a 0% participation percentage in the reinsurance pool. Pursuant to the Second Pooling Amendment (as defined in the Pooling Form D), the Domestic Insurer will retain a 0% participation percentage in the reinsurance pool.

Other Inter-Company Agreements

As part of the ongoing integration of the operations of Liberty Mutual's and State Auto's respective businesses, the Applicants anticipate terminating existing inter-company agreements within the State Auto group and intend to cause the Domestic Insurer to enter into new inter-company agreements, including the following agreements with a Liberty Mutual entity as the counterparty: (1) a Management Services Agreement to provide certain services to the Domestic Insurer; ~~(the "Management Services Agreement"); and (2) an Investment Management Agreement to manage and invest certain assets on behalf of the Domestic Insurer; and (3) a Cash~~ (the "Investment Management Agreement to administer certain short-term investments maturing within 365 days or less of purchase (collectively)" and, together with the Management Services Agreement, the "Management Agreements").¹² The Management Agreements would be materially identical in form, subject to changes in investment guidelines, to management agreements entered into by a number of the Domestic Insurer's prospective affiliates within Liberty Mutual's holding company system and approved or non-disapproved by applicable insurance regulatory authorities including the Department. The Applicants acknowledge that the Management Agreements will be subject to review by the Department pursuant to one or more Form D (Prior Notice of a Transaction) filings.

With respect to the Investment Management Agreement, the insurance companies within the Liberty Mutual Group generally have a similar investment strategy and investment guidelines, subject to applicable investment laws in the insurance companies' domiciliary states. As noted above, the Applicants intend to cause the Domestic Insurer to enter into new inter-company agreements, including an Investment Management Agreement with Liberty Mutual Group Asset Management, Inc., an affiliated investment manager, to manage and invest

¹² In the original Form A Statement, dated August 6, 2021, and the Plan of Operations filed therewith, the Applicants described anticipating causing the Domestic Insurer to enter into a Cash Management Agreement. Upon further consideration, the Applicants have determined such agreement is not necessary with respect to the Domestic Insurer.

certain assets on behalf of the Domestic Insurer. A Form D (Prior Notice of a Transaction) filing in respect of proposed inter-company agreements, including the proposed Investment Management Agreement, will be submitted on or shortly after the closing date of the Proposed Transaction.

The proposed Investment Management Agreement submitted with such Form D will include Investment Guidelines. Based thereon, it is expected that the Domestic Insurer's investment portfolio mix will generally align with the portfolio mix of the other insurance companies within the Liberty Mutual Group. The vast majority of the investment portfolio of the Domestic Insurer will be comprised of high-quality investment grade bonds with duration targets aligned with the company's liabilities. The Investment Guidelines will comply with all applicable Connecticut insurance laws governing investments by domestic mutual insurance companies.

In addition, LMHC's federal income tax return is consolidated with other affiliates in the federal income tax return of LMHC. The income allocation is subject to a written tax sharing agreement (the "Federal Tax Sharing Agreement") and allocation is based upon separate return calculations with credit applied for losses, as appropriate. Effective as of the date of the Closing, the Applicants plan to add the Domestic Insurer as a party to the Federal Tax Sharing Agreement. The Applicants acknowledge that the addition of the Domestic Insurer as a party to the Federal Tax Sharing Agreement Amendment will be subject to review by the Department pursuant to a Form D (Prior Notice of a Transaction) filing.

Business Operations

Other than as described above, the Applicants' current intention is to continue the business of the Domestic Insurer without any material modifications to the Domestic Insurer's current operations. A narrative three-year plan of operations of the Domestic Insurer reflecting continuation of its current business plans is attached hereto as Exhibit J.

The Applicants have no current plans or proposals to move the location of the Domestic Insurer in Connecticut. The current location of the Domestic Insurer will always be responsive, and subject to, market conditions, corporate structures, and business operations at that moment in time.

The Applicants do not currently anticipate a substantial reduction, if any, in the total number of Connecticut-based jobs. Total headcount will always be responsive, and subject to, market conditions and the corresponding employment opportunities at that moment in time.

Directors and Executive Officers of the Domestic Insurer

While the Applicants have no present intention to change the day-to-day management of the business and operations of the Domestic Insurer, the Applicants intend to nominate a new slate of directors and appoint new executive officers of the Domestic Insurer effective as of or shortly after the Closing in order to align with the slate of directors and executive officers of the other insurance companies within the Liberty Mutual ~~group of companies~~ Group. The continued appointment of the new directors of the Domestic Insurer will remain subject to the affirmative

vote of the policyholders of the Domestic Insurer in the ordinary course. A list setting forth the names and business addresses of the proposed directors and executive officers of the Domestic Insurer effective as of or shortly after the Closing is attached hereto as Exhibit D-1.¹³

While the Applicants have no present intention to change the day-to-day management of the business and operations of SAM, the current directors and executive officers of SAM will resign immediately prior to the Closing. Effective as of the Closing, new directors and executive officers of SAM will be appointed by the Applicants. Although the current executive officers of SAM will no longer serve as executive officers as of the Closing, it is currently anticipated that a number of SAM's current executive officers will hold leadership positions in the combined organization after the Closing. A list setting forth the names and business addresses of the proposed directors and executive officers of SAM effective as of the Closing is attached hereto as Exhibit D-2.¹⁴

NAIC biographical affidavits completed by each of these proposed directors and executive officers,¹⁵ with personal information redacted, ~~will be submitted to the Department supplementally~~ are attached hereto as Exhibit N. Original unredacted versions of such biographical affidavits ~~will be~~ were submitted to the Department separately in a sealed envelope marked "Confidential."⁸¹⁶ Copies of the unredacted biographical affidavits ~~will be~~ have been provided to a third-party verification service for verification of the information therein. Such verification service has reported or will report its findings directly to the Department upon completion of the verification process: ~~and, pursuant to the Department's instructions, the vendor preparing the verification report was instructed to provide to the Department two versions of such report, a non-public version that includes personal information and a public version with such personal information redacted.~~

Corporate Governance and Risk Management

The Applicants have a strong mutual heritage and experience in maintaining affiliate relationships, as demonstrated by the existing stand-alone mutual companies (Liberty County Mutual Insurance Company (TX), Liberty Mutual Mid-Atlantic Insurance Company (MA), and Montgomery Mutual Insurance Company (MA)) within the Liberty Mutual Holding Company

¹³ This exhibit has been updated to reflect the appointment of a new proposed executive officer of the Domestic Insurer (Paul Sanghera).

¹⁴ This exhibit has been updated to reflect the appointment of a new proposed executive officer of SAM (Paul Sanghera).

¹⁵ The NAIC biographical affidavit of Mr. Sanghera will be provided supplementally.

⁸¹⁶ All unredacted NAIC biographical affidavits ~~will be~~ are provided to the Department with the express understanding that the confidentiality of the personal information contained therein will be safeguarded, and such individuals submitting NAIC biographical affidavits will be protected from unwarranted invasions of personal privacy, pursuant to all applicable provisions of law, including but not limited to Conn. Gen. Stat. §1-210, which prohibits the release of certain personal information, and any other applicable statutory or regulatory authority available to the Commissioner.

structure (“LMHC Structure”). Based on the shared mutuality between the Applicants and the Domestic Insurer, the Applicants feel the Proposed Transaction is a good fit from a governance and risk perspective, as they are intimately aware what is required to manage a mutual affiliation. The Applicants intend to implement governance practices consistent with existing affiliate relationships and overall handling of subsidiaries within the LMHC Structure.

The Applicants do not have any current plans or proposals for the newly formed board of directors and executive officers to materially change the Domestic Insurer’s risk appetite and tolerance levels. Other than as described herein, the Applicants’ current intention is to continue the business of the Domestic Insurer without any material modifications to the Domestic Insurer’s current operations. The Applicants have a long-term objective of establishing the Liberty Mutual Group as a leading global property and casualty insurer. This is grounded by a strong enterprise risk management framework (“ERM Framework”) designed to support two key objectives: increasing profitability and effective cash management. Risk management is a core competency of the organization and is embedded throughout multiple levels of the organization and across all functional areas. The Applicants have a formalized risk governance structure that starts with the Board Risk Committee and flows through to the underlying risk committees, business units, and employees. The Applicants promote a strong risk management culture and believe that effective risk management and ethical behavior are the responsibility of all of its employees. This ERM Framework is extended to all subsidiaries within the LMHC Structure, including affiliate relationships.

Three-Year Statutory Financial Projections of the Domestic Insurer

~~Statutory~~ Amended statutory financial projections of the Domestic Insurer, prepared in accordance with statutory accounting principles, for three years following the Closing are attached as Exhibit I⁹ (the “Amended Financial Projections”). The assumptions in the Amended Financial Projections have been updated to reference the participation of the Domestic Insurer in the Pooling Agreement beginning in 2022. It is anticipated that the Domestic Insurer, as a pool member, will cede 100% of its underwriting activity to LMIC, net of third party reinsurance, and retain a 0% participation percentage in the pool. As a result of the Domestic Insurer’s 0% participation in the Liberty Mutual pool beginning in 2022, the net premium projections previously identified in the Pro Forma Profit & Loss Statement have been eliminated.

Projected premium growth has been allocated to all of the Domestic Insurer’s existing lines of business in approximately the same proportion as the Domestic Insurer’s existing book of business. This allocation is illustrated in the premium information contained in the “Nationwide Premium by LOB” and “Authorized Premium by LOB (Agg)” worksheets in the Amended Financial Projections.

The projected underwriting gains in the pro forma forecasts for 2021 through 2023 reflect the impact of rate and other underwriting actions undertaken in recent quarters to address

⁹- ~~The financial projections of the Domestic Insurer attached as Exhibit I assume the continuation of existing inter-company pooling arrangements as final terms for the Pooling Agreement have not yet been finalized.~~

underwriting profitability, including continued diversification of the property books of business. However, as a result of the Domestic Insurer's participation in the Liberty Mutual pool (as discussed above and in the Pooling Form D), underwriting gains are no longer shown in 2022 and 2023 in the Amended Financial Projections.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

The Domestic Insurer does not have any voting securities as it is a mutual insurance company.

As a result of the consummation of the Proposed Transaction, the Applicants will become controlling persons of the Domestic Insurer through assumption of the rights of SAM under the affiliation arrangement in place between SAM and the Domestic Insurer. Other than as disclosed in this Form A, none of the Applicants, their respective affiliates or, to the Applicants' knowledge, any of the Individuals has any plans or proposals to acquire any voting securities issued by Reorganized SAM.

The terms and conditions of the Merger Agreement were determined by arm's-length negotiation among the parties.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

The Domestic Insurer does not have any voting securities as it is a mutual insurance company.

ITEM 8. CONTRACTS, ARRANGEMENTS OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE DOMESTIC INSURER

The Domestic Insurer does not have any voting securities as it is a mutual insurance company. Other than as disclosed in this Form A, there are no contracts, arrangements or understandings with respect to any voting security of Reorganized SAM in which the Applicants, their respective affiliates or, to the Applicants' knowledge, the Individuals is involved, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits or the giving or withholding of proxies.

In the interest of disclosure, on the date of, but following, the execution of the Merger Agreement, SAM entered into a voting and support agreement (the "Voting Agreement"), pursuant to which SAM has agreed, among other things, to vote its shares of STFC's common stock (i) in favor of (a) the adoption of the Merger Agreement and (b) any proposal to adjourn or postpone the STFC shareholders meeting if there are insufficient shares of STFC's common stock represented to constitute the necessary quorum; and (ii) against (a) any takeover proposal, (b) any action, proposal, transaction, or agreement which would reasonably be expected to result in a breach of any representation, warranty, covenant or agreement of SAM or STFC under the Merger Agreement or of SAM under the Voting Agreement, and (c) any action, proposal,

transaction, or agreement that would reasonably be expected to prevent or materially delay or materially impair consummation of the STFC Merger.⁺⁰¹⁷

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

The Domestic Insurer does not have any voting securities as it is a mutual insurance company.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

The Domestic Insurer does not have any voting securities as it is a mutual insurance company.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

The Domestic Insurer does not have any voting securities as it is a mutual insurance company. Except as disclosed in the Merger Agreement, there are no agreements, contracts or understandings made with any broker-dealer as to solicitation of voting securities of Reorganized SAM for tender with regard to the Proposed Transaction.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) – (b)

The following is a list of the exhibits and financial statements to this Form A which are attached hereto:

<u>Exhibit</u>	<u>Description</u>
A	Merger Agreement (filed with the Applicant’s Form A Statement, dated August 6, 2021 (the “Original Form A”))
B-1	Organizational Chart of the Applicants Before the Proposed Transaction (filed with the Original Form A)
B-2	Organizational Chart of the Applicants After the Proposed Transaction (filed with the Original Form A)
B-3	Abbreviated Organizational Chart of the Domestic Insurer Before the Proposed Transaction (filed with the Original Form A)
B-4	Abbreviated Organizational Chart of the Domestic Insurer After the Proposed Transaction (filed with the Original Form A)
C-1	Current Directors and Executive Officers of LMHC

⁺⁰¹⁷ This summary of the terms of the Voting Agreement is qualified in its entirety by the terms and conditions of the Voting Agreement, a copy of which can be found in the Current Report on Form 8-K filed by STFC with the SEC on July 12, 2021.

C-2	Current Directors and Executive Officers of MHI (filed with the Original Form A)
C-3	Current Directors and Executive Officers of LMGI
D-1	Proposed Directors and Executive Officers of the Domestic Insurer
D-2	Proposed Directors and Executive Officers of SAM
E-1	Audited Consolidated Financial Statements of LMHC for the Year ended December 31, 2020 (filed with the Original Form A)
E-2	Audited Consolidated Financial Statements of LMHC for the Year ended December 31, 2019 (filed with the Original Form A)
E-3	Audited Consolidated Financial Statements of LMHC for the Year ended December 31, 2018 (filed with the Original Form A)
E-4	Audited Consolidated Financial Statements of LMHC for the Year ended December 31, 2017 (filed with the Original Form A)
E-5	Audited Consolidated Financial Statements of LMHC for the Year ended December 31, 2016 (filed with the Original Form A)
E-6	Consolidated Statements of Income of LMHC for the Quarter ended March 31, 2021 (filed with the Original Form A)
E-7	Consolidated Statements of Income of LMHC for the Quarter ended June 30, 2021
E-8	Consolidated Statements of Income of LMHC for the Quarter ended September 30, 2021
F-1	Statutory Annual Statement of the Domestic Insurer for the Year ended December 31, 2020 (filed with the Original Form A)
F-2	Statutory Annual Statement of the Domestic Insurer for the Year ended December 31, 2019 (filed with the Original Form A)
F-3	Statutory Annual Statement of the Domestic Insurer for the Year ended December 31, 2018 (filed with the Original Form A)
F-4	Statutory Quarterly Statement of the Domestic Insurer for the Quarter ended March 31, 2021
F-5	Statutory Quarterly Statement of the Domestic Insurer for the Quarter ended June 30, 2021
F-6	Statutory Quarterly Statement of the Domestic Insurer for the Quarter ended September 30, 2021
G-1	Annual Report of STFC for 2020 (filed with the Original Form A)
G-2	Annual Report of STFC for 2019 (filed with the Original Form A)

H	List of Regulatory Approvals (filed with the Original Form A)
I	Amended Three-Year Financial Projections of the Domestic Insurer
J	Amended and Restated Plan of Operations of the Domestic Insurer
K-1	Schedule I to the Merger Agreement (Governmental Consents)
K-2	Schedule II to the Merger Agreement (Advisory Board Members)
L-1	Disclosure Letter of LMHC to the Merger Agreement
L-2	Redacted Disclosure Letter of SAM and STFC to the Merger Agreement
M	Redacted NAIC Biographical Affidavits¹⁸ <i>The Applicants are requesting confidential treatment with respect to the personal information in the biographical affidavits with the complete unredacted confidential biographical affidavits filed under separate cover.</i>
N	Redacted Domestic Insurer Biographical Affidavits¹⁸ <i>The Applicants are requesting confidential treatment with respect to the personal information in the biographical affidavits with the complete unredacted confidential biographical affidavits filed under separate cover.</i>
O	Applicants' HSR Application (without Exhibits)

(c) Tender Offer Documents and Certain Proposed Agreements

Other than as disclosed in this Form A, there have been no tender offers for, requests or invitations for, tenders of, exchange offers for, or agreements to acquire or exchange any voting securities of Reorganized SAM, and there are no soliciting materials relating thereto.

Other than the Stay Bonus Agreements and retention bonuses referenced in Item 1(b), there are no proposed employment, consultation, advisory or management contracts concerning the Domestic Insurer by the Applicants.

SAM does not currently prepare annual reports for its members. Attached as [Exhibit G-1](#) and [Exhibit G-2](#), respectively, are the annual reports issued to the shareholders of STFC for the last two fiscal years for which such reports are currently available, 2020 and 2019. LMHC has not prepared annual reports for its members for the last two fiscal years, 2020 and 2019. None of the Domestic Insurer, MHI or LMGI prepares annual reports to its respective stockholders or members.

¹⁸ [With the exception of the NAIC biographical affidavits for two individuals, which will be provided supplementally, all redacted and unredacted NAIC biographical affidavits were submitted to the Department on October 14, September 20 and August 16, 2021.](#)

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

The Applicants agree to provide, to the best of their knowledge and belief, the information required by Form F within fifteen (15) days after the end of the month in which the acquisition of control occurs.

ITEM 14. OTHER INFORMATION

(a) List of Regulatory Filings

As discussed in Item 1(b) above, the parties' respective obligations under the Merger Agreement to consummate the Proposed Transaction are subject to the prior satisfaction of certain conditions, including approval of the plan of reorganization of SAM by the SAM members and the Ohio Department of Insurance, expiration or termination of the applicable waiting periods under the HSR Act and receipt of all specified regulatory approvals (including the approval sought in this Form A).

On July 23, 2021, each of LMHC and SAM filed a notification under the HSR Act. The ~~initial 30-day~~ waiting period ~~will expire at 11:59 p.m. (ET);~~ under the HSR Act expired on August 23, 2021, ~~thereby providing clearance for the closing of the Proposed Transaction from a federal antitrust perspective. The Applicants' HSR application (without exhibits) submitted to the Federal Trade Commission and U.S. Department of Justice in connection with the Proposed Transaction is attached hereto as Exhibit O.~~

In addition to this Form A and the HSR Act filings, the Proposed Transaction will require the approval of, or notice to, a number of insurance regulatory authorities with jurisdiction over the subsidiaries of SAM and STFC in connection with their respective property and casualty insurance operations. A listing of the regulatory approvals and notices required in connection with the Proposed Transaction is attached as Exhibit H.

(b) Competitive Impact Analysis

A confidential Form E (Pre-Acquisition Notification) in respect of the Proposed Transaction ~~is being~~ was filed ~~concurrently~~ concurrently with the Original Form A under separate cover. As described in the Form E, the Proposed Transaction will not substantially lessen competition, create a monopoly or significantly increase an insurer's market concentration in any line of insurance business in Connecticut.

(c) Financial Statements of the Applicants and the Domestic Insurer

Attached as Exhibit E-1 through Exhibit E-5 are LMHC's audited consolidated financial statements for the years ended December 31, 2020 through December 31, 2016, respectively. Attached as Exhibit E-6, Exhibit E-7 and Exhibit E-8 are LMHC's consolidated statements of income for the ~~quarter~~ quarters ended March 31, 2021, June 30, 2021 and September 30, 2021, respectively. Attached as Exhibit F-1 through Exhibit F-3 are annual statutory financial statements for the Domestic Insurer for the years ended December 31, 2020 through December

31, 2018, respectively. Attached as Exhibit F-4, Exhibit F-5 and Exhibit F-6 are quarterly statutory financial statements for the Domestic Insurer for the quarters ended March 31, 2021, June 30, 2021 and September 30, 2021, respectively.

(d) Financial Strength and Debt Ratings

As of the date of this Form A, LMHC has a financial strength rating from A.M. Best of “A” (Excellent) and a long-term issuer credit rating from A.M. Best of “bbb”. LMHC’s rating from A.M. Best is consistent with the ratings approach (“notching”) for an insurance holding company with an insurance subsidiary rated “A”. Accordingly, there are presently no plans to improve the issuer credit rating of LMHC from A.M. Best.

As of the date of this Form A, each of SAM and the Domestic Insurer has a financial strength rating from A.M. Best of “A-” (Excellent) and a long-term issuer credit rating of “a-” (Excellent).

As indicated in the Pooling Form D, the Liberty Mutual Group currently has an “A” rating from A.M. Best Company. As all parties to the Pooling Agreement receive the benefit of the rating given to the Liberty Mutual Group by virtue of participation in the pool, it is anticipated that the Domestic Insurer will also receive the benefit of the Liberty Mutual Group’s rating as a result of becoming parties to the Pooling Agreement.

(e) Material Litigation or Government Investigations

Various lawsuits against LMHC and its subsidiaries have arisen in the normal course of business. There are no contingent liabilities arising from litigation, income taxes, and other matters that are considered material in relation to the financial position of LMHC and its subsidiaries.

(f) Integration Plans

Other than as described in Item 5, the Applicants have no current plans or proposals to make any material change in the Domestic Insurer’s business operations or corporate structures or management. As part of the ongoing integration of the operations of Liberty Mutual’s and State Auto’s respective businesses, the Applicants anticipate terminating existing inter-company agreements, effective as of the date of Closing, within the State Auto group and intend to cause the Domestic Insurer to enter into new inter-company agreements.

ITEM 15. SIGNATURES AND CERTIFICATION

The signatures and certifications of the Applicants are set forth on the immediately following page.