

**BEFORE THE STATE OF CONNECTICUT
INSURANCE DEPARTMENT**

IN THE MATTER OF:)	DOCKET NO.
)	
THE ACQUISITION OF CONTROL OF)	EX 21-77
PATRONS MUTUAL INSURANCE COMPANY OF)	
CONNECTICUT)	
)	
BY LIBERTY MUTUAL HOLDING COMPANY INC.,)	
LMHC MASSACHUSETTS HOLDINGS INC. AND)	
LIBERTY MUTUAL GROUP INC.)	

AFFIDAVIT OF NIK VASILAKOS ON BEHALF OF THE APPLICANTS

I, Nik Vasilakos, hereby declare under penalty of perjury as follows:

I am Executive Vice President, Group Head, Mergers & Acquisitions, of Liberty Mutual Group Inc. 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, business address and by whom you are employed.

A: My name is Nik Vasilakos. I am employed by Liberty Mutual Group Inc., a Massachusetts stock holding company ("LMGI"). My business address is 175 Berkeley Street, Boston, Massachusetts 02116.

2. What is your position at Liberty Mutual Group Inc.?

A: I am Executive Vice President, Group Head, Mergers & Acquisitions, of LMGI.

3. Please identify your responsibilities as Executive Vice President, Group Head, Mergers & Acquisitions.

A: My responsibilities in this role include oversight of potential acquisitions and other strategic transactions.

4. Please describe your educational background and any other professional titles or positions held.

A: I earned a bachelor's degree from Boston College and an M.B.A. from Carnegie Mellon University. I am also a Chartered Financial Analyst (CFA) charterholder.

5. How long have you been employed by Liberty Mutual?

A: I have been employed by a Liberty Mutual affiliate since 2012, and have served in my current role for approximately five years.

6. Please describe your previous employment.

A: Prior to joining Liberty Mutual in 2012, I spent over a decade as a senior research analyst covering the insurance and financial institutions industry for asset managers, most recently at Columbia Threadneedle. Prior to my time as a senior research analyst, I was a leveraged finance banker with Wells Fargo and a graduate of its credit management program.

7. 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 Patrons Mutual Insurance Company of Connecticut, a property and casualty mutual insurance company domiciled in Connecticut (the "Domestic Insurer"), by Liberty Mutual Holding Company Inc., a Massachusetts mutual holding company ("LMHC"), LMHC Massachusetts Holdings Inc., a Massachusetts stock holding company ("MHI"), and LMGI (collectively, the "Applicants").

The Domestic Insurer is controlled by State Automobile Mutual Insurance Company, a property and casualty mutual insurance company domiciled in Ohio ("SAM"). Following the consummation of the "Proposed Transaction," SAM will become a wholly owned indirect subsidiary of LMHC, and LMHC will become the new ultimate controlling person of each of SAM and, through assumption of the rights of SAM under the affiliation arrangement in place between SAM and the Domestic Insurer, the Domestic Insurer.

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

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

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

A: The Applicants in this proceeding are LMHC, MHI and LMGI.

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

A: Yes. In my position as Executive Vice President, Group Head, Mergers & Acquisitions, I have been involved in all significant business decisions regarding the Proposed Transaction, including board discussions, the diligence review, consideration, negotiations and execution of definitive agreements.

In connection with the Proposed Transaction, I have reviewed and am familiar with the Form A Statement and the exhibits attached thereto filed by the Applicants with the Connecticut Insurance Department (the “Department”), originally dated August 6, 2021 and as amended and restated on December 9, 2021 (as supplemented, the “Form A Statement”), and the supplemental filings and submissions made by the Applicants to the Department in connection with the Form A Statement, including the Form E (Pre-Acquisition Notification) dated August 6, 2021 (the “Form E”).

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

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

II. Overview of the Applicants

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

A: 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.

MHI 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.

LMGI 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.

13. Do the Applicants have any affiliates licensed as insurance companies in Connecticut?

A: The Applicants do not have any affiliates domiciled in Connecticut.

The Applicants have thirty-four affiliates licensed or eligible as foreign property and casualty insurers to write direct premium in Connecticut.

14. What is the composition of the board of directors of each of the Applicants? Will this composition change following the consummation of the Proposed Transaction?

A: Lists setting forth the names and business addresses of the directors and executive officers of LMHC, MHI and LMGI were provided to the Department as Exhibit C-1, Exhibit C-2 and Exhibit C-3, respectively (each, as amended), to the Form A Statement. There are no anticipated changes to the Applicants' respective directors or executive officers as a result of the Proposed Transaction.

15. Have biographical affidavits and background reports been submitted for Liberty Mutual's directors and executive officers?

A: Yes. NAIC biographical affidavits for the Applicants' current directors and executive officers were provided to the Department on a supplemental basis after the filing of the original Form A Statement. 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 on a supplemental basis.

III. Benefits of the Proposed Transaction

16. Please describe the Proposed Transaction.

A: As described in greater detail in the written testimony of my colleague Richard P. Quinlan submitted to the Department in connection with this hearing, the proposed acquisition of control of the Domestic Insurer is part of a broader transaction (the "Proposed Transaction") governed by the terms and conditions set forth in an Agreement and Plan of Merger and Combination, dated as of July 12, 2021 (the "Merger Agreement"), by and among LMHC, SAM, State Auto Financial Corporation ("STFC") and two wholly owned subsidiaries of LMHC formed to facilitate the Proposed Transaction.

17. What is the reasoning behind the Proposed Transaction?

A: 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;
- (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.

IV. Consideration and Financing of Proposed Transaction

18. What is the consideration for the Proposed Transaction?

A: The Proposed Transaction's cash consideration is approximately \$1 billion. 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 LMHC 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.

19. How was the amount of consideration for the Proposed Transaction determined?

A: 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.

20. Were any valuation studies or fairness opinions received that demonstrate the fairness of the consideration?

A: The board of directors of LMHC received two fairness opinions 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, 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.

21. Is the Proposed Transaction conditioned upon receipt of financing by the Applicants?

A: No. Consummation of the Proposed Transaction is not conditioned on receipt of financing by LMHC.

22. Please describe the source of the consideration for the Proposed Transaction.

A: 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.

V. Future Plans for the Domestic Insurer

23. 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 persons 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, 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 in the Form A Statement, 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.

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

A: 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 appoint a new slate of directors and executive officers of the Domestic Insurer effective as of the closing of the Proposed Transaction (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. A list setting forth the names and business addresses of the proposed directors and executive officers of the Domestic Insurer effective as of the Closing was provided to the Department as Exhibit D-1 (as amended) to the Form A Statement.

NAIC biographical affidavits for the proposed directors and executive officers of the Domestic Insurer were provided to the Department on a supplemental basis after the filing of the original Form A Statement. 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 on a supplemental basis.

25. Please describe any proposed changes to the directors and management of SAM following the consummation of the Proposed Transaction.

A: As SAM will no longer serve as the ultimate controlling person of the SAM and STFC group of insurers, the Applicants intend to appoint a new slate of directors and executive officers in order to align with the slate of directors and executive officers of the other insurance companies within the Liberty Mutual group of companies. A list setting forth the names and business addresses of the proposed directors and executive officers of SAM effective as of the Closing was provided to the Department as Exhibit D-2 (as amended) to the Form A Statement.

NAIC biographical affidavits for the proposed directors and executive officers of SAM were provided to the Department on a supplemental basis after the filing of the Form A Statement. 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 on a supplemental basis.

26. Please describe why the Proposed Transaction is a good fit from a governance and risk perspective. Do you anticipate material changes to the Domestic Insurer’s risk appetite and tolerance levels?

A: The Applicants have a strong mutual heritage and experience in maintaining affiliate relationships, as demonstrated by the existing stand-alone mutual companies within the Liberty Mutual Holding Company 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 in the Form A Statement, 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 insurance holding company 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.

27. Is it the Applicants’ intent to retain current employees in Connecticut contributing to the Domestic Insurer’s business?

A: The Applicants have provided a commitment letter to the Department on this topic. The Applicants intend to honor the terms of such commitment letter.

In addition, 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.

28. Please describe any proposed changes to intercompany pooling arrangements.

A: As described in the Form A Statement, Liberty Mutual Insurance Company (or LMIC) and its US-domestic affiliated underwriting companies share the results of their respective underwriting activity pursuant to an inter-company reinsurance pooling arrangement. LMIC is the pool leader. All of the pool members within the Liberty Mutual group (other than the pool leader) 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. The Applicants intend to commute an existing reinsurance pooling arrangement in the SAM and STFC group and add the Domestic Insurer (and the other insurers acquired in the Proposed Transaction) to the Liberty Mutual reinsurance pooling arrangement. The Domestic Insurer will retain a 0% participation percentage in the reinsurance pool.

On October 22, 2021, the Applicants submitted to the Department an unexecuted Form D (Prior Notice of a Transaction) relating to the commutation of such existing reinsurance pooling arrangement and the entrance by the Domestic Insurer into the Liberty Mutual reinsurance pooling arrangement.

29. How will participation by the Domestic Insurer in the Liberty Mutual reinsurance pool affect the Domestic Insurer’s rating?

A: The Liberty Mutual insurance holding company system currently has an “A” rating from A.M. Best Company. As all parties to the Liberty Mutual 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 insurance holding company system’s rating as a result of becoming a party to the Liberty Mutual pooling agreement.

30. Please describe any other proposed intercompany agreements.

A: 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, and (2) an Investment Management Agreement to manage and invest certain assets on behalf of the Domestic Insurer (together, the “Management Agreements”). In addition, the Applicants plan to add the Domestic Insurer as a party to the Liberty Mutual group’s federal tax sharing agreement effective as of Closing, allowing the Domestic Insurer’s federal tax return to be consolidated with the same of LMHC and other affiliates.

The Applicants acknowledge that the Management Agreements and the addition of the Domestic Insurer as a party to the Liberty Mutual group’s federal tax sharing agreement will be subject to review by the Department pursuant to one or more Form D (Prior Notice of a Transaction) filings.

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 six 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 business for which it is presently licensed?

A: Yes, as described in the written testimony of my colleague Richard P. Quinlan, I understand that, 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.

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

A: No. As more fully set forth in the Form E, the Proposed Transaction will not substantially lessen competition of insurance in Connecticut or tend to create a monopoly in Connecticut.

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 policyholders?

A: No. The historical consolidated financial statements of the Applicants filed with the Form A Statement clearly demonstrate that the Applicants' financial condition will not jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders.

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.

Therefore, to the contrary, as demonstrated by the historical consolidated financial statements of the Applicants filed with the Form A Statement, the Applicants' financial condition and resources will strengthen the financial stability of Reorganized SAM and its subsidiaries, including the Domestic Insurer, and will

enhance the interests of their respective policyholders, as will the Applicants' longstanding expertise and experience in the property and casualty insurance business.

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. As indicated in the Form A Statement, the Applicants have no present plans or proposals to liquidate the Domestic Insurer, sell its assets, merge it with any person or, other than as described in the Form A Statement, make any other material change in its business operations, corporate structures or management. With respect to SAM and STFC, the mergers involving SAM and STFC that will take place in accordance with the terms of the Merger Agreement, and the proposed changes to the directors and executive officers of SAM and the Domestic Insurer and other proposed material changes described in the Form A Statement, are fair and reasonable to policyholders of the Domestic Insurer and in the public interest. In addition, the Proposed Transaction is fair and reasonable to the Domestic Insurer's policyholders and in the public interest because policyholders will continue to enjoy all contractual coverage-related rights under their respective insurance contracts.

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: As described in the Form A Statement, the Applicants intend to appoint a new slate of directors and executive officers of the Domestic Insurer effective as of 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. A list setting forth the names and business addresses of the proposed directors and executive officers of the Domestic Insurer effective as of the Closing was provided to the Department as Exhibit D-1 (as amended) to the Form A Statement. I believe all of these proposed directors and executive officers are very well experienced and competent based on their history with the companies they serve and their prior work experience. Further evidence is reflected in the biographical information for such individuals submitted to the Department as part of the Form A Statement.

As SAM will no longer serve as the ultimate controlling person of the SAM and STFC group of insurers, the Applicants intend to appoint a new slate of directors and executive officers in order to align with the slate of directors of the other insurance companies within the Liberty Mutual group of companies. A list setting forth the names and business addresses of the proposed directors and executive officers of SAM effective as of the Closing was provided to the

Department as Exhibit D-2 (as amended) to the Form A Statement. I believe all of these proposed directors and executive officers are very well experienced and competent based on their history with the companies they serve and their prior work experience. Further evidence is reflected in the biographical information for such individuals submitted to the Department as part of the Form A Statement.

Lists setting forth the names and business addresses of the directors and executive officers of LMHC, MHI and LMG I were provided to the Department as Exhibit C-1, Exhibit C-2 and Exhibit C-3, respectively (each, as amended), to the Form A Statement. At the Closing, no changes are expected to be made to the Applicants' boards of directors or officers. I believe all of these directors and executive officers of the Applicants are very well experienced and competent based on their history with the companies they serve and their prior work experience. Further evidence is reflected in the biographical information for the directors and executive officers of the Applicants submitted to the Department as part of the Form A Statement.

I am personally acquainted with a number of the directors and executive officers of the Applicants and the proposed directors and executive officers of the Domestic Insurer and SAM. Based on my personal knowledge and the biographical information submitted to the Department, I can confirm that all of these directors and executive officers are not only highly competent and experienced, but individuals of the highest moral integrity.

Based on the above together with the anticipated structure of the board of directors and management of the Domestic Insurer and Reorganized SAM as described in the Form A Statement, the competence and integrity of those persons who will control the operation 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?

A: No. The Proposed Transaction will not be hazardous or prejudicial to those buying insurance. To the contrary, the Proposed Transaction will have a positive effect on the insurance buying public.

If consummated, the Proposed Transaction will significantly expand Liberty Mutual's position as an industry leader for personal lines and small commercial insurance. 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.

In addition, the Applicants have significant experience in the property and casualty insurance sector, and the directors and executive officers of the

Applicants are individuals of tremendous competence, experience and integrity. Moreover, the Domestic Insurer and other subsidiaries of SAM will be managed by a financially strong organization, as evidenced by the historical financial statements of the Applicants submitted with the Form A Statement. Further, the Applicants have no plans to cause the Domestic Insurer to undergo any material changes to its organization or operations that could be hazardous to the interests of its insureds or the public.

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, Hearing Officer Chin, Ms. Belfi, Mr. Cotrone, Ms. Dowty 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, including the written testimony of my colleague Richard P. Quinlan submitted to the Department in connection with this hearing, 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.

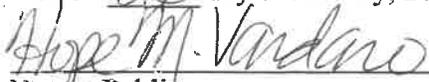
I state under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

FURTHER THE AFFIANT SAYETH NOT



Nik Vasilakos
Executive Vice President, Group Head, Mergers &
Acquisitions, Liberty Mutual Group Inc.

SUBSCRIBED and SWORN to before
me this 26 day of January, 2022.



Notary Public

My Commission expires:



Hope M. Vardaro
NOTARY PUBLIC
Commonwealth of
Massachusetts
My Commission Expires
12/18/2026