BEFORE THE STATE OF CONNECTICUT
INSURANCE DEPARTMENT

IN THE MATTER OF:	**) DOCKET NO.**
	)
THE ACQUISITION OF	**) EX21-78**
PRUDENTIAL RETIREMENT INSURANCE AND	**)**
ANNUITY COMPANY	**)**
	)
BY	

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY, GWL&A FINANCIAL INC., GREAT-WEST LIFECO U.S. LLC, GREAT-WEST FINANCIAL (NOVA SCOTIA) CO., GREAT-WEST LIFECO INC., POWER FINANCIAL CORPORATION, POWER CORPORATION OF CANADA, PANSOLO HOLDING INC., AND THE DESMARAIS FAMILY RESIDUARY TRUST

TESTIMONY OF ANDRA BOLOTIN

A. Witness Identification

Q: Please state your full name, business address and by whom you are employed.

A: My name is Andra Bolotin. My business address is 8515 East Orchard Road, Greenwood Village, Colorado 80111. I am the Chief Financial Officer and Executive Vice President of Great-West Life & Annuity Insurance Company, which I will refer to as "GWL&A."

Q: Please describe your educational and career background prior to joining GWL&A.

A: I obtained a Bachelor of Science in Chemical Engineering degree from Rensselaer Polytechnic Institute in Troy, New York, in 1984, a Master of Science in Management (MBA) degree from the Massachusetts Institute of Technology in 1994, and a Master of Science in Chemical Engineering degree from the Massachusetts Institute of Technology in 1994. I began my career at IBM and had various roles in process engineering, sales and marketing and financial consulting. Following graduate school, I joined McKinsey & Company, a global management consultant firm, and worked with various clients in the Financial Services and Technology industries. In 1997, I joined Polaroid Corporation and had various roles in Strategy and Business Development and Finance including Divisional Controller and Corporate Treasurer. In 2004, I joined Fidelity Investments as Senior Vice President of Corporate Finance and subsequently served as Senior Vice President and Chief Financial Officer of Fidelity's HR Services and Fidelity's Developing Business Group. In

2008, I joined the Empower Retirement family of companies as Head of Corporate Finance and Controller for GWL&A's sister company, Putnam Investments.

Q: How long have you served as Chief Financial Officer and Executive Vice President of GWL&A?

A: I have been the Chief Financial Officer and Executive Vice President of GWL&A since July of 2016. Prior to that, I served as Chief Financial Officer and Senior Vice President of GWL&A beginning in July of 2015. In addition, I have been the Chief Financial Officer and Executive Vice President of Great-West Lifeco U.S. since 2016 and the Chief Financial Officer of Putnam Investments since 2017.

Q: Please identify your responsibilities as Chief Financial Officer and Executive Vice President of GWL&A.

A: As Chief Financial Officer of GWL&A, I am responsible for financial planning and oversight of GWL&A and its subsidiaries. In that role, I attend meetings of the GWL&A Board and its Committees and present financial information. I am also a member of the senior management team of GWL&A and help set strategic direction for the company. I am responsible for leading GWL&A's finance and accounting organization, consisting of approximately 250 associates whose roles include financial analysis, financial and regulatory reporting, operational accounting, financial planning, treasury and cash management, and tax. The finance organization also includes purchasing/supplier management, enterprise internal controls, and investment administration. The finance organization also partners with the business segments as well as functional leaders to provide them with insights and information to help make business decisions and achieve business objectives.

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

A: I am here today on behalf of GWL&A, GWL&A Financial Inc. ("GWL&A Financial"), Great-West Lifeco U.S. LLC ("Lifeco U.S."), Great-West Financial (Nova Scotia) Co., Great-West Lifeco Inc. ("Lifeco"), Power Financial Corporation ("Power Financial"), Power Corporation of Canada ("Power Corporation"), Pansolo Holding Inc. ("Pansolo") and The Desmarais Family Residuary Trust (the "Trust"), whom I will collectively refer to as the "Applicants," in connection with the proposed acquisition (the "Proposed Acquisition") of control by the Applicants of Prudential Retirement Insurance and Annuity Company, a Connecticut-domiciled life insurance company. I will refer to Prudential Retirement Insurance and Annuity Company as the "Domestic Insurer."

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

A: Yes, I have been authorized by each of the Applicants to give this testimony.

B. Procedural Matters

Q: Did the Applicants send to the Domestic Insurer a copy of the Form A Statement?

A: Yes. The Applicants sent copies of the Form A Statement and a copy of the Amended and Restated Form A Statement to the Domestic Insurer, through its outside counsel, on August 18, 2021 and January 28, 2022, respectively.

Q: Did the Applicants receive notice of the public hearing?

A: Yes. The Applicants received formal notice of the hearing from the Connecticut Insurance Department (which I will refer to as the "Department") on February 3, 2022.

Q: Did the Domestic Insurer receive at least seven days' notice of the public hearing?

A: Yes. On February 3, 2022, the Applicants' outside counsel, Eversheds Sutherland (US) LLP, provided notice on behalf of the Applicants to the Domestic Insurer of the public hearing.

Q: Was notice of the public hearing published?

A: Yes. GWL&A caused notice of the public hearing to be published in the *Hartford Courant* on February 10, 2022 and February 17, 2022.

Q: Have there been any material changes with respect to the information provided or required in the Form A Statement since the Form A Statement was filed by the Applicants?

A: Other than the information provided in the Amended and Restated Form A that was filed with the Department on January 27, 2022, there have not been any material changes to the Form A Statement since the time it was filed by the Applicants.

C. Background Regarding the Applicants

Q: Please identify the Applicants on the Form A Statement.

A: The Applicants are GWL&A, GWL&A Financial, Lifeco U.S., Great-West Financial (Nova Scotia) Co., Lifeco, Power Financial, Power Corporation, Pansolo and the Trust.

Q: Are you generally familiar with the Applicants and their respective business activities?

A: Yes.

Q: Please describe the Applicants and their business activities.

A: GWL&A is a Colorado domestic insurance company and is licensed to engage in the sale of life insurance, accident and health insurance and annuities in all states in the United States except New York, and in the District of Columbia, Puerto Rico and the U.S. Virgin Islands. GWL&A and its subsidiaries, operating as Empower Retirement, are a leading provider in the U.S. of employer-sponsored retirement savings plans in the public/non-profit and corporate sectors that offer employer-sponsored defined contribution plans, administrative and recordkeeping services, individual retirement accounts, fund management, as well as investment and advisory services. Its products and services are marketed nationwide through its sales force, brokers, consultants, advisors, third-party administrators and financial institutions.

GWL&A Financial is an intermediate U.S. holding company of GWL&A and is a direct, wholly-owned subsidiary of Lifeco U.S. GWL&A Financial's principal businesses are holding company and finance activities, and it does not have material operations or assets unrelated to its ownership interest in GWL&A.

Lifeco U.S. is an intermediate U.S. holding company of GWL&A Financial and is a direct, wholly-owned subsidiary of Great-West Financial (Nova Scotia) Co. Lifeco U.S.'s principal businesses are holding company and finance activities. Lifeco U.S. does not have material operations or assets unrelated to its ownership interests in GWL&A and in GWL&A's sister company, Putnam Investments.

Great-West Financial (Nova Scotia) Co. is an intermediate Canadian holding company of Lifeco U.S. and is a direct, wholly-owned subsidiary of Lifeco. Great-West Financial (Nova Scotia) Co.'s principal businesses are holding company and finance activities, and it does not have material operations or assets unrelated to its ownership interest in Lifeco U.S.

Lifeco, a public company listed on the Toronto Stock Exchange (TSX: GWO), is an international financial services holding company with interests in life insurance, health insurance, retirement and investment services, asset management and reinsurance businesses. Lifeco operates in Canada, the United States and Europe under the brands Canada Life, Empower Retirement, Putnam Investments and Irish Life. As of December 31, 2020, Lifeco and its subsidiaries have approximately Can$2.0 trillion in consolidated assets under administration and approximately 24,500 employees worldwide. Power Financial controlled, directly or indirectly, 70.87% of the outstanding Common Shares of Lifeco and 65% of the voting rights attached to all of the outstanding voting shares of Lifeco as of June 30, 2021.

Power Financial, a wholly owned subsidiary of Power Corporation, is an international management and holding company with interests in financial services and asset management businesses in Canada, the United States and Europe. Power Financial controls Lifeco and IGM Financial Inc., a leading wealth and asset management company, and in recent years has implemented an active fintech strategy. It also has significant holdings in a portfolio of European-based global companies through its investment in Groupe Bruxelles Lambert ("GBL").

Power Corporation is an international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms. Through Power Financial, it controls Lifeco and IGM Financial Inc., a leading wealth and asset management company, and in recent years has implemented an active fintech strategy. Through Power Financial, as at June 30, 2021, it also held jointly with the Frère Group of Belgium a 28.2% equity interest (representing a 43.2% voting interest) in GBL, a Belgian holding company listed on the Brussels Stock Exchange (EBR: GBLB) and one of the largest listed holding companies in Europe. As at December 31, 2020, Power Corporation and its group of companies had approximately 29,900 employees. Power Corporation is listed on the Toronto Stock Exchange (TSX: POW; POW.PR.E).

Pansolo Holding Inc., a Canadian holding company controlled by the Desmarais Family Residuary Trust, holds majority voting interest in Power Corporation of Canada.

Q: Have biographical affidavits and background reports been submitted for the Applicants' directors, executive officers and voting trustees, as applicable?

A: Yes. NAIC biographical affidavits for each of the current directors, executive officers and voting trustees of the Applicants have been provided to the Department. In addition, background verification reports in respect of these biographical affidavits were provided directly to the Department by NAIC-approved third-party verification service provider, Owens OnLine.

D. Overview of the Proposed Acquisition

Q: Are you familiar with the Proposed Acquisition and the Form A Statement which is the subject of this hearing?

A: Yes. I am familiar with the Proposed Acquisition, including the preparation and filing of the Form A Statement. I was involved in the negotiations that resulted in the Master Transaction Agreement, dated as of July 20, 2021, between GWL&A and Prudential Financial, Inc. ("Prudential") (as amended, the "Master Transaction Agreement") governing the terms of the Proposed Acquisition. In connection with the Proposed Acquisition, I have also reviewed and am familiar with the Form A Statement and the exhibits attached thereto filed by the Applicants with the Department on August 17, 2021, and the supplemental filings and submissions made by the Applicants to the Department in connection with such Form A Statement including the Amended and Restated Form A Statement, dated January 27, 2022.

Q: Please describe the Proposed Acquisition in general terms.

A: On July 20, 2021, GWL&A and Prudential entered into the Master Transaction Agreement pursuant to which GWL&A and its affiliates will acquire the full-service retirement business of Prudential.

Pursuant to the Master Transaction Agreement, and subject to the terms and conditions stated therein, Prudential will cause its subsidiary, The Prudential Insurance Company of America ("PICA"), to sell, convey, assign, transfer and deliver to GWL&A, and GWL&A will purchase, acquire and accept from PICA, all of the issued and outstanding capital stock of the Domestic Insurer. By virtue of this acquisition, GWL&A will directly acquire control of the Domestic Insurer, and the other Applicants will indirectly acquire control of the Domestic Insurer. Following the consummation of the Proposed Acquisition (the "Closing"), GWL&A will be the sole shareholder of the Domestic Insurer.

Pursuant to the terms of the Master Transaction Agreement, the Applicants understand that the Domestic Insurer has transferred certain assets and liabilities that are not part of Prudential's full-service retirement business to PICA. The Applicants understand that the Domestic Insurer has filed and received approvals or non-disapprovals of Form D (Prior Notice of a Transaction) filings with the Department with respect to these transactions.

In addition to the acquisition of the Domestic Insurer, the Proposed Acquisition also includes other entity acquisitions and a reinsurance transaction that do not directly involve the Domestic Insurer. Namely, GWL&A will also acquire the shares of certain other subsidiaries of Prudential, and certain insurance business written by PICA will be reinsured by GWL&A and its affiliate Great-West Life & Annuity Insurance Company of New York (in the case of New York business).

Our expectation is that the Proposed Acquisition will close on or about April 1, 2022, subject to receipt of required regulatory approvals.

Q: Are you also familiar with the Form A Statement filed by the Applicants?

A: Yes. As mentioned, I have reviewed the Form A Statement and helped the Applicants prepare information submitted to the Department in connection with the Form A Statement.

Q: Does the Form A Statement accurately describe the Proposed Acquisition?

A: Yes, the Form A Statement, together with the supplemental filings and submissions made by the Applicants to the Department, accurately describes the Proposed Acquisition.

E. Reasons for the Proposed Acquisition

Q: What is the reasoning behind the Proposed Acquisition?

A: The acquisition of the full-service retirement business of Prudential and its subsidiaries (the "FSS Business") is an excellent strategic fit for Empower Retirement. Prudential's defined benefit competencies and state-of-the-art non-qualified deferred compensation capabilities will enhance offerings for Empower, allowing it to serve its customers more broadly. The Proposed Acquisition is also expected to provide potential revenue synergies by decreasing unit costs across the expanded total participants base and increasing Empower's wealth and investment management extension opportunities to the Domestic Insurer's existing customer base. Empower intends to retain and grow each of these business sectors, as they line up very well with the existing Empower business sectors and are expected to merge smoothly into Empower's existing business upon integration.

Q: Will the Proposed Acquisition benefit the policyholders of the Domestic Insurer and be in the public interest?

A: Yes, we believe the policyholders of the Domestic Insurer will benefit from the enhanced offerings and revenue synergies that I just described. In addition, as the Applicants have no present plans or proposals to liquidate the Domestic Insurer, sell its assets (other than such sales of assets as may be contemplated in the ordinary course of the Domestic Insurer's business), consolidate or merge it with any person or make any material changes to the Domestic Insurer's current business operations, or corporate structure or management, the Domestic Insurer's policyholders can expect no changes to the financial strength, quality of management or level of service currently provided.

F. Purchase Price and Financing

Q: What is the Proposed Acquisition Consideration?

A: As more fully set forth in the Form A Statement, the total consideration that will be payable to Prudential or its affiliates will be approximately $2.307 billion, subject to adjustment at the Closing as further described in the Master Transaction Agreement, which amount includes an aggregate ceding commission of $329 million attributable to the reinsurance transaction between PICA and GWL&A and its affiliate Great-West Life & Annuity Insurance Company of New York that I earlier described.

Q: How was the Proposed Acquisition Consideration determined?

A: The purchase price was determined by arm's length negotiation between Prudential and GWL&A with advice of their respective financial, legal and other advisors, and in view of the consideration paid in other recent acquisitions of similar businesses, as well as the financial position and results of operation of the business 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 the Applicants considered relevant under the circumstances.

Q: Please describe the source of the Proposed Acquisition Consideration.

A: The Applicants intend to fund the purchase price for the Proposed Acquisition through the issuance of approximately $1.2 billion (Can$1.5 billion) of limited recourse capital notes and approximately $1.0 billion of short-term debt (the "Acquisition Financing"), in addition to existing resources. The limited recourse capital notes were issued by Lifeco in a Canadian-market public bond offering that closed on August 16, 2021. The proceeds of the limited recourse capital note offering were transferred from Lifeco to GWL&A through a series of intercompany transactions in late August and are being held and invested by GWL&A pending the Closing.

The remaining $1.0 billion of the Acquisition Financing will be raised by GWL&A's parent company, Lifeco U.S., through additional short-term financing that will be completed closer to the anticipated Closing date. This financing will consist of loans from the Royal Bank of Canada and The Bank of Nova Scotia.

Q: Is the Proposed Acquisition conditioned upon receipt of financing by the Applicants?

A: No, the Proposed Acquisition is not subject to any financing contingency.

G. Plans for the Domestic Insurer after the Closing

Q: 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 declare an extraordinary dividend, to liquidate the Domestic Insurer, to sell its assets (other than such sales of assets as may be contemplated in the ordinary course of the Domestic Insurer's business), or to merge or consolidate the Domestic Insurer with any person or persons upon or shortly after the consummation of the Proposed Acquisition.

From time to time following the Closing, the Applicants may request that the Domestic Insurer declare dividends of ordinary income generated in its ordinary course of business. Any such declaration would be effected in compliance with all applicable statutory and regulatory requirements. GWL&A acknowledges that, for two years post-Closing, all dividends by the Domestic Insurer must be pre-approved by the Department prior to payment, and that, following the two-year period, extraordinary dividends continue to require pre-approval.

Q: Please describe any changes to the executive officers and directors of the Domestic Insurer after the Proposed Acquisition.

A: As provided in the Amended and Restated Form A Statement, the Applicants are proposing the following executive officers for the Domestic Insurer following the Closing of the Proposed Acquisition: Christine Moritz, President and CEO; Kara Roe, Chief Financial Officer and Controller; Vanessa Barker, Treasurer and VP; and Ryan Logsdon, Secretary. Harry Dalessio is proposed to continue as a director for the Domestic Insurer. The Applicants are also proposing the following directors for the Domestic Insurer following the Closing of the Proposed Acquisition: Jonathan Kreider, Rich Linton, Mary Maiers, Tina Wilson and myself.

These individuals have many years of experience either within Empower Retirement or the Domestic Insurer and also at other insurers and retirement plan providers and will make a significant contribution to the Domestic Insurer's management. All are currently directors, officers or employees of either Empower Retirement or the Domestic Insurer. We believe the competence, experience, and integrity of the new members of the management team is reflected in the strong reputation of Empower Retirement as a whole. Further evidence is provided by the biographical information for the directors and executive officers that were submitted to the Department.

Q: Have biographical affidavits and background reports been submitted for the proposed directors and executive officers of the Domestic Insurer?

A: Yes. NAIC biographical affidavits for each of the proposed directors and officers of the Domestic Insurer have been provided to the Department. In addition, background verification reports in respect of these biographical affidavits were provided directly to the Department by NAIC-approved third-party verification service provider, Owens OnLine.

Q: What are GWL&A's plans with respect to Corporate Governance and Enterprise Risk Management ("ERM") as they relate to the Domestic Insurer? Are material cultural changes anticipated?

A: After the consummation of the Proposed Acquisition, since the Domestic Insurer will be a wholly-owned subsidiary of GWL&A, GWL&A plans to fully integrate the Domestic Insurer into GWL&A's Corporate Governance and Enterprise Risk Management ("ERM") framework.

GWL&A and its subsidiaries, which will include the Domestic Insurer after the Closing, have a long history of effective risk management and internal controls. The GWL&A Board of Directors has established a Risk Committee that is responsible for primary oversight of Empower's risk and compliance functions, including risk monitoring, risk assessment, Code of Conduct compliance and risk reporting up to the Board of Directors. Underneath the Board of Director's Risk Committee sit other management level operational and risk committees comprised of executive officers and senior management personnel of Empower Retirement that report upward to the Board's Risk Committee.

No material cultural changes are anticipated. Throughout the due diligence process and ongoing work towards execution of the transaction, GWL&A's and Prudential's management have worked closely and effectively together, evidencing strong cultural alignment. We have been struck by the similarities to GWL&A's own values and mission statement and are confident there is strong alignment of cultural values, client commitments and business processes and practices between the two organizations.

Q: In light of GWL&A's recent transactions, please describe how the Applicants intend to manage the integration process for the Domestic Insurer.

A: Empower Retirement has a strong track record of successfully completing significant acquisition transactions and integrations. The integration of the FSS Business will follow a clearly defined strategy based on Empower Retirement's experience with prior large-scale acquisitions and integrations, including the currently ongoing integration of MassMutual's retirement services business, which is similar to the FSS Business being acquired from Prudential. The FSS Business operates today on a single recordkeeping platform that is the same platform historically used by MassMutual and other businesses previously acquired by Empower. Empower has extensive experience integrating from that platform to its proprietary recordkeeping platform. Additionally, the administration of Prudential's defined benefit business is currently outsourced to a third-party and will remain so through Closing, eliminating integration risk related to that business.

One of the guiding principles of Empower's integration planning and execution process is to ensure minimal disruption for plan sponsors, policyholders and participants. Since successful integration of JPMorgan's retirement business in 2015, Empower Retirement has maintained a dedicated mass conversion team to perform complex business integrations. This veteran integration team has developed a fully automated plan and data set up processes that will be used to manage integration of the FSS Business into Empower Retirement's existing proprietary platform, business processes and systems.

There are certain integration activities that the Prudential and Empower Retirement cannot discuss with each other until the Closing because until that time we are still competitors and we are legally constrained as to what we can discuss. Within that context, planning teams are meeting to discuss certain areas. At the Closing, GWL&A and Prudential intend to enter into a Transitional Services Agreement (the "TSA"), which will contain customary terms to ensure there is no disruption to business and operations of the FSS Business and the Domestic Insurer in the period immediately after the transaction closes. Under the TSA, Prudential will provide certain non-transferring services, such as technology and infrastructure support required for business that continues to run on Prudential's operating systems. The TSA also requires the parties to work together on a plan to migrate the business to Empower Retirement's operating environment over a defined period of time following the Closing.

H. <u>Statutory Criteria</u>

Q: 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 Acquisition result in any of these adverse consequences or violate any of these standards?

A: No. The Proposed Acquisition 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.

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

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

Following the consummation of the Proposed Acquisition, the Applicants intend to continue the business of the Domestic Insurer without any material change to its business operations, and have no intention of causing the Domestic Insurer to take any action that would inhibit its ability to satisfy the requirements for licensure under Connecticut insurance law.

Q: Second, will the Proposed Acquisition substantially lessen competition in insurance in Connecticut or tend to create a monopoly in Connecticut?

A: As demonstrated by the Department's decision on September 2, 2021 regarding the Applicants' pre-acquisition notification filing, the Proposed Acquisition is not likely to substantially lessen competition nor is it more likely to create a monopoly in Connecticut. In the Proposed Acquisition, for every line of business in Connecticut, except for group deposit-type contracts, the combined market shares of the involved insurers qualify for one of the statutory exemptions set forth at Conn. Gen. Stat. § 38a-131(b).

In the group deposit-type contract market, the market shares of the involved insurers are below the statutory thresholds set forth in Conn. Gen. Stat. § 38a-131(d)(1)(A)(i) for establishing prima facie evidence of a violation of competitive standards, even if this market were to be considered highly concentrated. In 2020, the group deposit-type contract market share in Connecticut of GWL&A and its affiliates was a trivial 0.12%. The negligible increase in the market share in this one market that would result from the

Proposed Acquisition is not anticompetitive and will not substantially lessen or prevent competition in Connecticut.

Q: 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. GWL&A is part of a large and financially strong group of companies and is very well capitalized. Further evidence of the Applicants' strong financial position is set forth in the Applicants' financial statements provided to the Department as exhibits to the Form A Statement and supplementally. As of the quarter ended September 30, 2021, (i) GWL&A had net admitted assets of approximately $76.1 billion and total surplus of approximately $3.0 billion; (ii) Lifeco and its subsidiaries had consolidated total assets of approximately $484.2 billion and consolidated total stockholders' equity of approximately $23.8 billion; and (iii) Power Corporation and its subsidiaries had consolidated total assets of approximately $508.1 billion and consolidated total stockholders' equity of approximately $34.1 billion.

As the Applicants have no present plans or proposals to liquidate the Domestic Insurer, sell its assets, consolidate or merge it with any person or make any material changes to the Domestic Insurer's current business operations, or corporate structure or management, the Domestic Insurer's policyholders can expect no changes to the financial strength, quality of management or level of service currently provided. Accordingly, I believe that nothing in the financial condition of the Applicants will jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders.

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

A: No. The Applicants have no present plans or proposals to liquidate the Domestic Insurer, sell its assets (other than such sales of assets as may be contemplated in the ordinary course of the Domestic Insurer's business), consolidate or merge it with any person or make any material changes to the Domestic Insurer's current business operations, or corporate structure or management.

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

A: The Applicants, as well as all of the proposed directors and executive officers for the Domestic Insurer, are very seasoned and experienced in the financial services and insurance industry. The Applicants have, and the Domestic Insurer will have, strong management teams, and I believe that policyholders and the public will benefit from the competence, experience and integrity of the current directors and executive officers of the Applicants and the Domestic Insurer; they will not be adverse to such interests.

Q: Sixth, will the Proposed Acquisition likely be hazardous or prejudicial to those buying insurance?

A: The Proposed Acquisition will not be hazardous or prejudicial to the insurance buying public. To the contrary, I believe that the Proposed Acquisition will have a positive effect on the insurance buying public. As I testified earlier, the Applicants have significant experience in the insurance and financial services sectors. The Domestic Insurer will be managed by a financially sound organization, committed to maintaining a conservative, investment-grade capital structure. None of these facts creates any hazard or prejudice to the interests of the insurance buying public.

I. Closing Remarks

Q: Is there anything else that you would like to add at this time?

A: Yes. I would like to thank Commissioner Mais, Ms. Belfi, Ms. Dowty, Mr. Cotrone and the other Department Staff for their prompt attention to this matter and for their diligence in reviewing the Form A Statement. Based on the record established and the filing of the Form A Statement, it is the Applicants' position that the proposed acquisition of control of the Domestic Insurer satisfies all of the applicable standards of review for approval under Conn. Gen. Stat. § 38a-132(a). We look forward to continuing to work with the Department following the completion of the Proposed Acquisition.