



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

April 22, 2022

Via email (eretersdorf@daypitney.com)

Elizabeth P. Retersdorf, Esq.
Day Pitney LLP
242 Trumbull Street
Hartford, CT 06103

Re: Proposed acquisition of control of Aetna Insurance Company of Connecticut by Continental Casualty Company, The Continental Corporation, CNA Financial Corporation, and Loews Corporation.

Docket # 22-14

Dear Attorney Retersdorf:

The Connecticut Insurance Department (“Department”) has completed a preliminary review of the Form A Statement regarding the proposed acquisition of control (“Proposed Acquisition”) of control of Aetna Insurance Company of Connecticut (the “Domestic Insurer”) by Continental Casualty Company (“CCC”), The Continental Corporation (“TCC”), CNA Financial Corporation (“CNA”), and Loews Corporation (“Loews”) (collectively, the “Applicants”), received February 10, 2022 (the “Application”). As a result of the review, it was determined that the information requested below is necessary to complete the filing. Please provide in hard copy and on a thumb drive amended and restated clean and black lined versions of the Form A rather than standalone amendments. This should include any new exhibits resulting from the amendments and restatements. You should also reflect any amendments to the Application resulting from any discussions with the Department which you may have subsequent to this letter being issued.

ITEM 1. INSURER AND METHOD OF ACQUISITION

The Department has no questions but please update the information as appropriate.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

1. The Form A Application identifies four applicants on page 2, however, the Pre-Acquisition Organizational Chart (Exhibit B-1) reports 1897 LLC as being wholly owned by CNA Financial Corporation. Please describe the operations of 1897 LLC along with any relationship it may have with either Continental Casualty Company or The Continental Corporation.

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

2. On page 10 of the Form A Application you have provided information regarding the directors and officers of the Domestic Insurer on a post-acquisition basis, please also provide charts using the following format for the directors and officers of the Domestic Insurer on a *pre-acquisition* basis:

Directors

Name	Title

Officers

Name	Title

3. Please provide biographical affidavits for the pre-acquisition directors and officers of the Domestic Insurer.

4. The Department is currently in the process of reviewing the Third-Party Verification Reports of the biographical affidavits, upon completion further questions may be submitted.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

5. It is stated on page 9 of the Form A Application that the estimated purchase price for the Proposed Acquisition is approximately \$16.2 million. This includes capital and surplus along with a pre-purchase price for the certificates of authority. Upon further reading of the Application, on page 12, it states that the terms and conditions of the Stock Purchase Agreement were determined by arms' length negotiation among the parties. Please provide details as to how you determined it to be "arms' length". If an external report was relied upon please submit to the Department.

6. Please provide all schedules and exhibits to the Form A Application not originally filed with the Application.

ITEM 5. FUTURE PLANS OF INSURER

7. On page 11 of the Form A Application under the Intercompany Agreements, it states that Continental Casualty Company intends to enter into an administrative services agreement with the Domestic Insurer whereby certain administrative services will be given to the Domestic Insurer for

reasonable compensation pursuant to the terms of the agreement. Please verify if you use cost or profit margin pursuant to your agreement. Either way, provide your methodology used for determining “fair and reasonable”.

8. The Plan of Operations for the Domestic Insurer remains very broad. Please provide the following:

- a. A listing of Continental Casualty Company’s product lines considered to be “non-core”;
- b. Please indicate which of the non-core businesses listed above may be considered in the future using the following scenarios:
 - (i) Reinsurance-Indemnity
 - (ii) Reinsurance-Assumption
 - (iii) Division
 - (iv) IBT

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

The Department has no questions but please update the information as appropriate.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

The Department has no questions but please update the information as appropriate.

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

The Department has no questions but please update the information as appropriate.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

The Department has no questions but please update the information as appropriate.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

The Department has no questions but please update the information as appropriate.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

The Department has no questions but please update the information as appropriate.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

9. Please provide the following:

- a. The Domestic Insurer’s 2021 statutory statements

- b. Continental Casualty Company's past 5 years of statutory statements, including year-end 2021
- c. The Continental Corporation's past 5 years of audited financial statements, including year-end 2021

Please submit the above to the Department as soon as possible or the Application may be deemed deficient.

ITEM 13. AGREEMENTS REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

The Department has no questions but please update the information as appropriate.

ITEM 14. OTHER INFORMATION

- 10. Please provide any rating agency updates throughout the Department's review.
- 11. Please provide a list of the states in which a filing exemption has been sought and update the Department as regulator approvals or responses are received.
- 12. The Department acknowledges the receipt of the confidential, unredacted biographical affidavits associated with the Form A Application and agrees to keep these documents confidential and privileged.

ITEM 15. SIGNATURE AND CERTIFICATION

The Department has no questions but please be aware of the requirement that all persons who signed the Form A Application are required to be present at the hearing.

We look forward to receiving this information at your earliest opportunity. If you feel it beneficial, we are agreeable to meeting by phone or in person to discuss this letter or your proposed responses. Please be aware that further information may be requested as we continue to review and evaluate your submissions therefore we recommend that you provide detailed and complete responses to avoid our having to seek further information which may delay the process.

If you have any questions, or would like to discuss, please let me know.

Sincerely,



Jennifer M. Dowty

Counsel, Connecticut Insurance Department

cc: Kathy Belfi, CID
Kenneth Cotrone, CID
William Arfanis, CID