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April 28, 2022

VIA HAND DELIVERY

Jennifer M. Dowty, Esq.
Counsel
Connecticut Insurance Department
153 Market Street, 7th Floor
Hartford, Connecticut 06103

Re: Form A Statement Regarding the Proposed Acquisition of Control of Aetna Insurance Company of Connecticut
Docket No. 22-14

Dear Ms. Dowty:

Thank you for your requests for additional information concerning the Form A Statement, dated February 10, 2022 (the "Form A"), relating to the proposed acquisition of control of Aetna Insurance Company of Connecticut, a property and casualty insurance company domiciled in Connecticut (the "Domestic Insurer"), by Continental Casualty Company, The Continental Corporation, CNA Financial Corporation ("CNA") and Loews Corporation (collectively, the "Applicants"). The Domestic Insurer is currently a direct, wholly owned subsidiary of AHP Holdings, Inc., a Connecticut corporation, whose ultimate parent is CVS Health Corporation, a publicly traded Delaware Corporation. Set forth below are responses to each of your requests (for ease of reference, your requests in respect of the Form A are copied below, followed by our responses). Capitalized terms used herein not otherwise defined shall have the meanings given to such terms in the Form A.

ITEM 1. INSURER AND METHOD OF ACQUISITION

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

The Applicants will update the Department as appropriate and as required by law.

ITEM 2. IDENTITY AND BACKGROUND OF 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.**

   1897 LLC was formed solely for the purposes of owning the corporate aircraft. Its operations consist only of managing the ownership, maintenance and related activities (*e.g.*, hangar lease) of the aircraft. Additionally, as reflected in the post-acquisition organizational chart of the Domestic Insurer attached as Exhibit B-4 to the Form A, 1897 LLC will not be in the chain of ownership of the Domestic Insurer following the Closing.

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:**

   Set forth below are the names of the current directors and officers of the Domestic Insurer:

   Directors

Name	**Title**
Edward Chung-I Lee	Director

   Officers

Name	**Title**
Edward Chung-I Lee	President and Secretary
Tracy Louise Smith	Vice President and Treasurer
Stephen Matthew Conte	Principal Financial Officer and Controller
Peter Keller	Assistant Controller
Whitney Dorothy Lavoie (Nazarko)	Assistant Controller
Timothy James Olson	Assistant Controller

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

   As discussed with the Department, the pre-acquisition directors and officers of the Domestic Insurer will resign from their positions effective as of the consummation of the Proposed Acquisition. Accordingly, the Applicants have not submitted biographical affidavits for these individuals and we understand that the Department has withdrawn its request with respect to the same.

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.**

   The Applicants are in receipt of the Department's further questions regarding the biographical affidavits and will respond promptly.

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.**

   The terms and conditions of the Stock Purchase Agreement were determined by arms' length negotiation between the parties. Both parties were represented by outside counsel and the parties reached an agreement as to the nature and amount of consideration through extensive negotiation over a several month period in which multiple iterations of a draft Stock Purchase Agreement were exchanged. The Applicants did not rely on any report or opinion to determine the appropriate purchase price but rather their own respective investigation of the consideration paid in other recent acquisitions of similarly situated "shell" insurance companies that do not have any active businesses.

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

   All schedules and annexes to the Stock Purchase Agreement will be provided, with such redactions as are agreed by the Department, with an amended and restated Form A that will be filed with the Department after submission of this response letter (the "Amended and Restated Form A"). The following are the schedules and annexes to the Stock Purchase Agreement:

Annex I (Required Regulatory Approvals)

Seller Disclosure Schedules

Buyer Disclosure Schedules

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".**

   The administrative services agreement provides for compensation on a cost basis. Specifically, the fair and reasonable compensation for services is determined by allocating the service provider's costs among recipients of such services in proportion to the amount of time spent on each specific recipient with respect to such services.

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 business listed above may be considered in the future using the following scenarios:**

      (i.) **Reinsurance-Indemnity**

      (ii.) **Reinsurance-Assumption**

      (iii.) **Division**

      (iv.) **IBT**

   The Applicants understand the Department's request for more detail with respect to the Plan of Operations, and intend to work with the Department to determine any appropriate submission.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

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

The Applicants will update the Department as appropriate and as required by law.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

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

The Applicants will update the Department as appropriate and as required by law.

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.

The Applicants will update the Department as appropriate and as required by law.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

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

The Applicants will update the Department as appropriate and as required by law.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

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

The Applicants will update the Department as appropriate and as required by law.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

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

The Applicants will update the Department as appropriate and as required by law.

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.

Attached hereto is the Domestic Insurer's annual statutory statement for the year ended December 31, 2021, which will be attached as Exhibit J-4 to the Amended and Restated Form A. Attached hereto are Continental Casualty Company's annual statutory statements for the years ended December 31, 2021 through 2017, respectively, which will be attached as Exhibit J-1 through Exhibit J-5 to the Amended and Restated Form A, respectively. The Continental Corporation does not prepare standalone audited financial statements. Accordingly, the Applicants respectfully request permission to submit the audited financial statements of The Continental Corporation on a consolidated basis with CNA as they are prepared in the usual course of business pursuant to Regulations of Connecticut State Agencies §38a-138-16 Appendix A.

ITEM 13. AGREEMENTS REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

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

The Applicants will update the Department as appropriate and as required by law.

ITEM 14. OTHER INFORMATION

10. Please provide any rating agency updates throughout the Department's review.

The Applicants will provide updates on the ratings of the Applicants and the Domestic Insurer, to the extent there is any change, throughout the duration of the Department's review of the Form A.

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.

As the Domestic Insurer does not conduct business in any state, there will be no change in market share in any state in any line of business as a result of the Proposed Acquisition. Accordingly, there are no other requirements under the laws of any other state to file a Form E or Form E exemption that are implicated by the Proposed Acquisition, and no such filings or exemptions have been made or will be sought.

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.**

    Thank you for confirming confidential treatment of the confidential, unredacted biographical affidavits.

ITEM 15. SIGNATURE AND CERTIFICATION

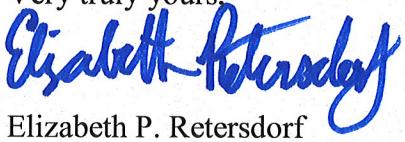
The Department has no questions but please be aware of the requirement that all persons who signed the Form A Application are required to be present at the hearing.

The Applicants acknowledge the requirement that all persons who signed the Form A are required to be present at the hearing.

* * *

Thank you for your assistance on this matter. Should you have any questions or require any further information, please do not hesitate to contact me at (860) 275-0656 (or by e-mail at eretersdorf@daypitney.com).

Very truly yours,



Elizabeth P. Retersdorf

Enclosures

cc: Stathy Darcy, Continental Casualty Company
Elena M. Coyle, Skadden, Arps, Slate, Meagher & Flom LLP