



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

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In the Matter of:

PROPOSED ACQUISITION OF CONTROL OF

AETNA INSURANCE COMPANY OF CONNECTICUT      Docket No. EX 22-14

By

CONTINENTAL CASUALTY COMPANY, ET AL.  
-----X

### ORDER

I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut, having read the record in the above-captioned matter, do hereby adopt the findings and recommendations of Antonio Caporale, Hearing Officer, which are contained in the attached Proposed Final Decision, dated June 21, 2022 and issue the following order, TO WIT;

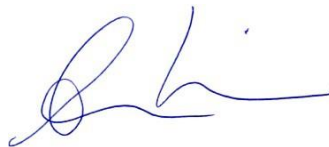
1. The Application of the Applicants in which they seek approval to acquire control of the Domestic Insurer is hereby approved.
2. The Applicants and Domestic Insurer shall conduct their operations consistent with the representations, disclosures and commitments set forth in the record of this proceeding and proposed final decision.
3. The Applicants shall provide the Department with written confirmation of the consummation of the acquisition of control by the end of the month in which the acquisition takes place.

4. The Applicants shall provide the Department with written details of the final purchase price after all adjustments used to complete the acquisition.
5. The Applicants shall provide the Department with the names and titles of those individuals who will be responsible for filing an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.
6. Within fifteen (15) days following the end of the month in which the Proposed Acquisition is consummated, the Domestic Insurer shall file an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.
7. For the two (2) year period following the consummation of the Proposed Acquisition, prior approval of the Commissioner will be required with any respect to any dividends paid by the Domestic Insurer, as long as the Domestic Insurer remains a Connecticut-domiciled company.
8. For the period of two (2) years, the Applicants shall file semiannually with the Insurance Department, commencing six (6) months from consummation of the Proposed Acquisition, a report under oath of its business operations in Connecticut, including but not limited to, integration process, any change of business of the Domestic Insurer, changes in offices of the Domestic Insurer, and notice of any statutory compliance or regulatory action taken by other state regulatory agencies against the Applicants and Domestic Insurer, as long as the Domestic Insurer remains a Connecticut-domiciled

company. In addition, the operating report shall provide an update on Connecticut Employee status.

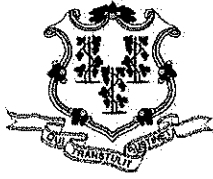
9. The Domestic Insurer shall continue to maintain its books and records in Connecticut and shall make all such items available for inspection by the Commissioner at any time, as long as the Domestic Insurer remains a Connecticut-domiciled company.
10. If the Proposed Acquisition is not consummated within three (3) months of the date of this Order and the Applicants intent to consummate the Proposed Acquisition, the Applicants shall submit to the Commissioner at statement, which shall include (i) the reason for the Applicants' inability to consummate the Proposed Acquisition; (ii) any material changes in the information contained in the Application; and (iii) the current financial statements of the Applicants and the Domestic Insurer.
11. The Applicants shall pay any expenses incurred by the Commissioner in connection with the Department's review of the Application pursuant to General Statutes §38a-132(c).

Dated at Hartford, Connecticut this 21st day of June, 2022.



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Andrew N. Mais  
Insurance Commissioner



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

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In the Matter of:

PROPOSED ACQUISITION OF CONTROL OF

AETNA INSURANCE COMPANY OF CONNECTICUT      Docket No. EX 22-14

By

CONTINENTAL CASUALTY COMPANY, ET AL.  
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### **PROPOSED FINAL DECISION**

#### **I. INTRODUCTION**

Continental Casualty Company, The Continental Corporation, CNA Financial Corporation, and Loews Corporation (collectively, the "Applicants"), seek the approval of the Insurance Commissioner of Connecticut for the proposed acquisition of control ("Proposed Acquisition") of Aetna Insurance Company of Connecticut (the "Domestic Insurer") pursuant to an Amended and Restated Form A dated May 3, 2022 ("Application") filed with the Connecticut Insurance Department ("Department") in accordance with General Statutes § 38a-130 and section 38a-138-6 of the Regulations of Connecticut State Agencies.

The Proposed Acquisition will be effected pursuant to the terms of the Stock Purchase Agreement ("Agreement") between Continental Casualty Company, AHP Holdings, Inc., the owner of 1,500 shares of the capital stock of the Domestic Insurer, and CVS Pharmacy, Inc., the parent company of the Domestic Insurer for limited guarantee purposes, dated as of December 15, 2021.

The Insurance Commissioner (“Commissioner”), is required by General Statutes § 38a-138 and section 38a-136-6 of the Regulations of Connecticut State Agencies to hold a public hearing on the Proposed Acquisition of the Domestic Insurer within thirty (30) days after the Commissioner determines that the Application is complete in all aspects. In this regard, the Department staff reviewed the original Form A dated February 10, 2022 and thereafter requested the Applicants to file Supplemental Information. On May 3, 2022, the Applicants filed an Amended and Restated Form A Application with the Department which amended and restated portions of the original Form A text and also included certain new and revised exhibits.

Based on a determination that the Applicant was substantially complete, the Commissioner issued a notice of public hearing dated May 6, 2022 in which he ordered that the public hearing be held on May 25, 2022 concerning the application for approval of the Proposed Acquisition of the Domestic Insurer. The hearing notice was subsequently published in the *Hartford Courant* once a week for two consecutive weeks. The notice of hearing was also filed by the Department with the Office of the Secretary of State on May 9, 2022 and was published on the Department’s internet website. In accordance with section 38a-8-48 of the Regulations of Connecticut State Agencies, the Applicants and Domestic Insurer were designated as parties to this proceeding.

On May 19, 2022 the Commissioner appointed the undersigned to serve as Hearing Officer in this proceeding.

On May 25, 2022 the public hearing on the Proposed Acquisition of the Domestic Insurer was held before the undersigned.

Elizabeth P. Retersdorf, Esq. of Day Pitney, LLP, and Elena Coyle of Skadden, Arps, Slate, Meagher & Flom LLP represented the Applicants. Stathy Darcy of CNA Financial Corporation, Seth Lamont of CNA Financial Corporation and Thomas Watson of Loews Corporation testified at the public hearing on behalf of the Applicants.

Edward Lee, of Aetna Insurance Company of Connecticut, testified on behalf of the Domestic Insurer.

The following Department staff participated in the hearing: Kathy Belfi, Special Advisor to the Commissioner, Kenneth Cotrone, Insurance Certified Supervising Examiner, and Jennifer Dowty, Counsel to the Insurance Department.

Pursuant to the published hearing notice, the public was given an opportunity to speak at the hearing or to submit written comments on the Application with respect to the issues to be considered by the Commissioner. No oral or written comments on the Application were received.

## **II. FINDINGS OF FACT**

After reviewing the exhibits entered into the record of this proceeding, and based on the written and oral testimony of the witnesses, the undersigned makes the following findings of fact:

1. Continental Casualty Company ("CCC"), is an Illinois domestic insurance company with a business address of 151 N. Franklin Street, Chicago, Illinois. It is a direct, wholly-owned subsidiary of The Continental Corporation. CCC is licensed to sell property and casualty insurance, in all 50 states and the District of Columbia.

2. The Continental Corporation (“TCC”), is a New York corporation with a business address of 151 N. Franklin Street, Chicago, Illinois. It is a direct, wholly-owned subsidiary of CNA Financial Corporation. It is an insurance holding company within the CNA insurance holding company system.
3. CNA Financial Corporation (“CNA”), is a publicly traded Delaware corporation with a business address of 151 N. Franklin Street, Chicago, Illinois. It is an insurance holding company system. The property and casualty and remaining life and group insurance products of CNA and its subsidiaries (collectively, the “CNA Group”) primarily include commercial property and casualty coverages, including surety. The CNA Group’s services include warranty, risk management information services and claims administration.
4. The Loews Corporation (“Loews”) is a publicly traded Delaware company with a business address of 667 Madison Ave., New York, New York. It is a holding company whose subsidiaries are engaged in commercial property and casualty insurance, transportation and storage of natural gas and natural gas liquids, operation of a chain of hotels, and manufacture of rigid plastic packaging solutions lines of business.
5. Aetna Insurance Company of Connecticut (the “Domestic Insurer”) is a Connecticut-domiciled property and casualty insurance company with a business address of 151 Farmington Avenue, Hartford, Connecticut. It is a wholly owned subsidiary of AHP Holdings, Inc. (“AHP Holdings”), a Connecticut corporation, whose ultimate parent is CVS Health Corporation, a publicly traded Delaware corporation. The Domestic Insurer is licensed in all 50 states and the District of

Columbia. The Domestic Insurer ceased writing new business in 2017. As of the year ended December 31, 2020, the Domestic Insurer reported assumed group auto business currently in run off.

6. The Proposed Acquisition of control of the Domestic Insurer will be effected pursuant to the terms of the Stock Purchase Agreement dated as of December 15, 2021, pursuant to which CCC will acquire all 1,500 of the issued and outstanding capital stock shares for the Domestic Insurer from AHP Holdings for approximately \$16.2 million, which accounts for an aggregate license premium amount, surplus amount, and subject to certain adjustments. By virtue of this acquisition, the Domestic Insurer will become a direct, wholly owned subsidiary of CCC, an indirect, wholly owned subsidiary of each TCC and CNA, and an indirect, majority owned subsidiary of Loews.
7. The Applicants maintain that immediately following the closing of the Proposed Acquisition, the Domestic Insurer will continue to maintain its separate corporate existence. The Applicants do intend to cause the Domestic Insurer to redomesticate to Illinois, subject to the separate approval of the Connecticut Insurance Department and the Illinois Department of Insurance. The Applicants represent that they have no immediate plans to change the operations of the Domestic Insurer, but purchased it for potential corporate future flexibility purposes.
8. Following are the names and titles of the respective executive officers and directors of the Applicants:



**Continental Casualty Company**

Directors:

| <b>Name</b>       | <b>Title</b> |
|-------------------|--------------|
| Scott Lindquist   | Director     |
| Robert J. Hopper  | Director     |
| Dino E. Robusto   | Director     |
| Susan A. Stone    | Director     |
| Douglas M. Worman | Director     |

Executive Officers:

| <b>Name</b>     | <b>Title</b>   |
|-----------------|--|
| Dino E. Robusto | Chairman of the Board, Chief Executive Officer & President |
| Scott Lindquist | Executive Vice President & Chief Financial Officer         |
| Stathy Darcy    | Senior Vice President, Deputy General Counsel & Secretary  |
| Amy C. Adams    | Senior Vice President & Treasurer                          |
| Ryan Hill       | Controller   |

**The Continental Corporation**

Directors:

| <b>Name</b>       | <b>Title</b> |
|-------------------|--------------|
| Scott Lindquist   | Director     |
| Robert J. Hopper  | Director     |
| Dino E. Robusto   | Director     |
| Susan A. Stone    | Director     |
| Douglas M. Worman | Director     |

Executive Officers:

| <b>Name</b>     | <b>Title</b>   |
|-----------------|--|
| Dino E. Robusto | Chairman of the Board, Chief Executive Officer & President |
| Scott Lindquist | Executive Vice President & Chief Financial Officer         |
| Stathy Darcy    | Senior Vice President, Deputy General Counsel & Secretary  |
| Amy C. Adams    | Senior Vice President & Treasurer                          |
| Ryan Hill       | Controller   |

## **CNA Financial Corporation**

Directors:

| <b>Name</b>        | <b>Title</b> |
|--------------------|--------------|
| Michael A. Bless   | Director     |
| Jose O. Montemayor | Director     |
| Don M. Randel      | Director     |
| André Rice         | Director     |
| Dino E. Robusto    | Director     |
| Kenneth I. Siegel  | Director     |
| Andrew H. Tisch    | Director     |
| Ben Tisch          | Director     |
| James S. Tisch     | Director     |
| Jane Wang          | Director     |

Executive Officers:

| <b>Name</b>     | <b>Title</b>  |
|-----------------|---|
| Dino E. Robusto | Chief Executive Officer                                   |
| Scott Lindquist | Executive Vice President & Chief Financial Officer        |
| Stathy Darcy    | Senior Vice President, Deputy General Counsel & Secretary |
| Ryan Hill       | Controller  |

## **Loews Corporation**

Directors:

| <b>Name</b>                  | <b>Title</b> |
|------------------------------|--------------|
| James S. Tisch               | Director     |
| Andrew H. Tisch              | Director     |
| Jonathan M. Tisch            | Director     |
| Paul Jules Fribourg          | Director     |
| Ann Elyse Berman             | Director     |
| Joseph L. Bower              | Director     |
| Charles D. "Chuck" Davidson  | Director     |
| Charles Michael "Mark" Diker | Director     |
| Walter Leo Harris            | Director     |
| Philip A. Laskawy            | Director     |

|                 |          |
|-----------------|----------|
| Susan P. Peters | Director |
| Anthony Welters | Director |

Executive Officers:

| Name              | Title  |
|-------------------|--|
| James S. Tisch    | Office of the President, President & Chief Executive Officer |
| Jonathan M. Tisch | Office of the President & Co-Chairman of the Board           |
| David B. Edelson  | Senior Vice President & Chief Financial Officer              |
| Marc A. Alpert    | Senior Vice President, General Counsel & Corporate Secretary |
| Mark S. Schwartz  | Vice President, Chief Accounting Officer & Treasurer         |

9. The biographical affidavits of the executive officers of the Applicants included in the record of this proceeding and the files of the Department describe each individual's educational background, professional credentials, and employment history, and attests to the competence, experience and integrity of those individuals who would control the operation of the Applicants and indirectly the Domestic Insurer post-acquisition.

10. Upon closing, the current directors and officers of the Domestic Insurer intend to resign from their current positions, and the Applicants represent that they will appoint the following individuals as directors and officers of the Domestic Insurer post-acquisition. As there is no business currently being written these changes will not impact the day-to-day operations of the Domestic Insurer.

**Directors**

| Name              | Title    |
|-------------------|----------|
| Scott Lindquist   | Director |
| Robert J. Hopper  | Director |
| Dino E. Robusto   | Director |
| Susan A. Stone    | Director |
| Douglas M. Worman | Director |

### Executive Officers

| Name            | Title  |
|-----------------|--|
| Dino E. Robusto | Chairman of the Board, Chief Executive Officer & President |
| Scott Lindquist | Executive Vice President & Chief Financial Officer         |
| Stathy Darcy    | Senior Vice President, Deputy General Counsel & Secretary  |
| Amy C. Adams    | Senior Vice President & Treasurer                          |
| Ryan Hill       | Controller   |

11. The biographical affidavits of the members of the directors and officers of the Domestic Insurer, post-acquisition, included in the record of this proceeding and the files of the Department describe each individual's educational background, professional credentials, and employment history, and attests to the competence, experience and integrity of those individuals who would control the operation of the Domestic Insurer after the Proposed Acquisition.
12. The Applicants represent that they have no present plans or proposals to cause the Domestic Insurer to declare any extraordinary dividend or make other distributions, to liquidate the Domestic Insurer, to sell the assets of the Domestic Insurer (other than in the ordinary course of business), to merge or consolidate the Domestic Insurer with any person or persons or to make any other material change in the Domestic Insurer's business operations, or corporate structure.
13. The Applicants have represented that they do have plans to move the Domestic Insurer's corporate records from their current approved location of Connecticut to Illinois as part of a redomestication application, and have represented that they will adhere to all Department processes for obtaining the approval required prior to any movement of the records. The Applicants further represented that until the

redomestication has been approved they shall make the Domestic Insurer's books, records, documents, accounts, vouchers, and agreements available for inspection by the Commissioner at any time.

14. Other than as disclosed in the Application, none of the Applicants, their affiliates or, to the Applicants' knowledge, any of the Individuals associated with the Applicants holds of record or beneficially owns any voting securities of the Domestic Insurer. Other than as disclosed in the Application, none of the Applicants, their affiliates or, to the Applicants' knowledge, any of the Individuals associated with the Applicants has any right to acquire any voting securities issued by the Domestic Insurer.
15. Other than as disclosed in the Application, there are no contracts, arrangements or understandings with respect to any voting security of the Domestic Insurer in which any of the Applicants, their affiliates or the Individuals associated with the Applicants 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, division of losses or profits, or the giving or withholding of proxies.
16. During the last twelve (12) calendar months preceding the filing of the Application, none of the Applicants, their affiliates or, to the knowledge of the Applicants, any of the Individuals associated with the Applicants has purchased any voting securities of the Domestic Insurer.
17. None of the Applicants, their affiliates or, to the knowledge of the Applicants, any of the Individuals associated with the Applicants, or anyone based upon

interviews or at the suggestion of the foregoing persons has made any recommendations to purchase any voting securities of the Domestic Insurer during the twelve (12) calendar months preceding the filing of the Application.

18. Except as disclosed in the Stock Purchase Agreement, there are no agreements, contracts, or understandings made with any broker-dealer as to solicitation of voting securities of the Domestic Insurer for tender with regard to the Proposed Acquisition.

### III. DISCUSSION

The Insurance Commissioner is required to approve the Proposed Acquisition unless, after a public hearing, he finds that the proposed acquisition of control of the Domestic Insurer would result in any of the conditions set forth in General Statutes §§ 38a-132(a)(1) through (6). These conditions will be addressed in turn.

**(1) After the change of control, the Domestic Insurers would not be able to satisfy the requirements for the issuance of a license to write the line, or lines of business for which they are presently licensed.**

General Statutes § 38a-132(a)(1) requires the Domestic Insurer to satisfy the requirements for the issuance of licenses to write the line or lines of business for which it is presently licensed following the proposed acquisition of control. The Domestic Insurer is currently licensed pursuant to General Statutes § 38a-41 and satisfies the requirements for the issuance of a license to write the lines of business for which it is licensed. The Applicants, through testimony and submissions, indicate that no changes will be made to the Domestic Insurer such that it would not be able to satisfy the requirements for the issuance of its licenses.

In addition to the financial requirement criteria set forth in General Statutes § 38a-72, the Department considers the location of the company's books, records and assets, and the management of the company when evaluating an insurer's ability to operate in this state pursuant to § 38a-41 and satisfy the requirements for the issuance of a license to write the lines of business for which they are licensed. The Applicants, through testimony and submissions, have confirmed that the books and records will remain in their present approved location unless and until their application to redomesticate to Illinois is approved, and have represented that they will work with the Department and adhere to all policies and procedures for the process of moving the books and records.

In pre-filed testimony, Ms. Darcy stated:

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. Aetna Insurance Company of Connecticut is currently licensed as a property and casualty insurance company. As demonstrated through its license, the Domestic Insurer satisfies the minimum requirements for licensure as a property and casualty insurance company under Connecticut insurance law.

Following the consummation of the Proposed Acquisition, the Applicants intend to continue the runoff operations of the Domestic Insurer without any material change, 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. In connection with the redomestication and name change, the Domestic Insurer will seek to remain licensed in Connecticut as a foreign insurance company and will be able to satisfy the requirements for licensure as a foreign property and casualty insurance company in Connecticut.<sup>1</sup>

Moreover, based on the information contained in the biographical affidavits for the directors and officers of the Applicants, the competence, experience and integrity of the individuals who will be responsible for the governance and operation of the Domestic Insurer following the consummation of the proposed transaction, are such that the safe and expert operation of the Domestic Insurer will continue following the Proposed Acquisition.

Accordingly, the undersigned hereby finds that the evidence contained in the record supports a finding that the Domestic Insurer will be able to satisfy the requirements for the issuance of the necessary insurance licenses for which it is presently licensed following completion of the Proposed Acquisition of control.

**(2) The effect of the merger or other acquisition of control would be to substantially lessen competition of insurance in this state or tend to create a monopoly in Connecticut.**

General Statutes § 38a-132 (a) (2) requires that a proposed transaction shall neither substantially lessen competition nor create a monopoly in the Connecticut insurance market. In evaluating the effect of the proposed acquisition on competition in Connecticut, the Commissioner is required by General Statutes § 38a-132 (a) (2) (A) to

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<sup>1</sup> Stathy Darcy, Pre-Filed Testimony, p.8 (May 23, 2022).



consider the information required under General Statutes § 38a-131 (c) (1) and the considerations specified in General Statutes § 38a-131 (d) (1). In this regard, the Commissioner must consider the percentages of market shares of the Applicants and affiliates and the Domestic Insurer and the market in which the insurers compete, as set forth in § 38a-131 (d) (1). If certain quantitative criteria are met, then there is prima facie evidence that the competitive standard has been violated. (See § 38a-131 (d) (1)).

General Statutes § 38a-131 (d) (2) defines "market" as the relevant product and geographical markets. In determining the relevant product and geographical markets, § 38a-131 (d) (2) specifies that in the absence of sufficient information to the contrary, the relevant product market shall be the direct written insurance premium for a line of business as used in the annual statement insurers doing business in this State are required to file with the Commissioner, and the relevant geographical market shall be Connecticut.

The Domestic Insurer is not currently writing new business, nor has it for several years. This was echoed in the testimony of Ms. Darcy who testified:

The Domestic Insurer ceased writing business approximately seven years ago, so it's not currently writing business, so no market share currently in the state of Connecticut. So we do not believe that there would be any possibility of either lessening competition or creating a monopoly in Connecticut.<sup>2</sup>

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<sup>2</sup> Hrg. Transcr. 18: 2-8 (May 25, 2022).

Accordingly, the undersigned hereby finds that, based on the evidence contained in the record of this proceeding indicating the inactive nature of the Domestic Insurer, the effect of the acquisition of control of the Domestic Insurer by the Applicants will not substantially lessen competition of insurance in this state or tend to create a monopoly in Connecticut.

**(3) The financial condition of the acquiring party is such as might jeopardize the financial stability of the Domestic Insurers or prejudice the interests of their policyholders.**

General Statutes § 38a-131(a)(3) requires that the financial condition of any acquiring party to be in sufficiently sound financial condition so as not to jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders.

In her pre-filed testimony Ms. Darcy provided an overview of the Applicants' financial strength and its potential impact on the Domestic Insurer post-acquisition:

No. The historical consolidated financial statements of the Applicants filed with the Form A Statement clearly demonstrate the Applicants' financial strength. As of the year ended December 31, 2021, CNA had approximately \$66.6 billion in consolidated assets, \$53.8 billion in consolidated liabilities, and \$1.2 billion in net income. Accordingly, the financial condition of the Applicants is not such that it might jeopardize the financial stability of the Domestic Insurer, which does not have any policyholders.<sup>3</sup>

Based on the information entered into the record of this proceeding, including the Application and pre-filed testimony, the undersigned hereby finds that there is no

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<sup>3</sup> Stathy Darcy, Pre-Filed Testimony, p.8-9 (May 23, 2022).

evidence indicating that the financial condition of the Applicants might jeopardize the financial condition of the Domestic Insurer, or prejudice the interests of its policyholders.

- (4) The plans or proposals of the acquiring party to liquidate the Domestic Insurers, sell their assets or consolidate or merge them with any person, or make any other material change in the business or corporate structure or management, are unfair and unreasonable to policyholders of the Domestic Insurers and not in the public interest.**

General Statutes § 38a-132(a)(4) requires that an acquiring party not be contemplating any material changes in the business of the Domestic Insurer that would be unfair and unreasonable to policyholders, or otherwise would not be in the public interest.

In her pre-filed testimony, Ms. Darcy addressed this matter by explaining that:

No. The Applicants have no current plans or proposals to liquidate the Domestic Insurer, to sell its assets, to consolidate or merge it with any person or to materially change its business. Immediately following the Closing, the Domestic Insurer will continue to maintain its separate corporate existence and will continue to operate its runoff operations in a manner consistent with its current operations.<sup>4</sup>

At the hearing she elaborated on the future plans for the Domestic Insurer post acquisition by testifying:

The only plans of CNA are to change the domicile of the company to the CNA Group's home regulator state, which is Illinois, and that is in process, to effectuate a name change, of course, which is as required in the SPA,

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<sup>4</sup> Stathy Darcy, Pre-Filed Testimony, p.9 (May 23, 2022).

and to, of course, change the director and executive slate to the same group of individuals that currently serve in those roles for other insurance companies.

So there's nothing about that that would be harmful in any way to any policyholders of the company of which there are none.<sup>5</sup>

Accordingly, based on the information entered into the record of this proceeding, the undersigned hereby finds that there are no material plans or proposals for the Domestic Insurer that are unfair and unreasonable to policyholders of the Domestic Insurer or not in the best interest of the public.

**(5) The competence, experience and integrity of those persons who would control the operation of the Domestic Insurers are such that it would not be in the interest of the policyholders of the Domestic Insurers and of the public to permit the merger or other acquisition of control.**

General Statutes § 38a-132(a)(5) requires that the competence, experience, and integrity of those persons who would control the operation of the Domestic Insurer post-acquisition be of sufficient quality so as not to be prejudicial or contrary to the interests of the policyholders and of the public. The record includes the biographical affidavits and third-party reports of those individuals who serve as officers of the Applicants and who will serve as members of the board and as officers of the Domestic Insurer post-acquisition. The biographical affidavits disclose each individual's education background, professional credentials, and their employment history. In addition, the Applicants have represented, and the biographical affidavits confirm, that during the last ten (10) years, none of the officers of the Applicants or members of the board and officers of the

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<sup>5</sup> Hrg. Transcr. 19: 9-19 (May 25, 2022).

Domestic Insurer have been convicted in a criminal proceeding (excluding minor traffic violations) or have been convicted or otherwise penalized for violating any federal or state law regulating the business of insurance, securities or banking. During the last ten (10) years, none of the officers of the Applicants or members of the board and officers of the Domestic Insurer have been the subject of any proceeding under the Federal Bankruptcy Code, or have been affiliated with a business or organization which has been subject to such proceeding.

Furthermore, no officer of the Applicants or member of the board and officers of the Domestic Insurer have had a revocation, suspension or disciplinary sanction imposed against him or her by a governmental agency. None of the filed biographical affidavits contain any information that reflect negatively on these individuals.

When questioned about this at the public hearing, Ms. Darcy testified:

So the group of directors and executive officers that will be named in those roles following acquisition, consummation of acquisition, as I indicated, would be the same as that group that currently serves in those roles for the CNA Applicant. Those biographical affidavits have been submitted to the Department in connection with the Form A.

I've reviewed those biographical affidavits of all of those individuals and, actually, I'm included in that group, and I know all the persons individually. Each of them have extensive experience in the industry and in their roles and expertise both at CNA and in prior work experiences, and I know each of them, and having reviewed the affidavits, nothing is

contradictory to my knowledge of them, which is highest integrity and competence for each of them.<sup>6</sup>

Accordingly, based on the information entered into this record of proceeding, the undersigned hereby finds that the competence, experience, and integrity of those persons who would control the operations of the Domestic Insurer after completion of the Proposed Acquisition are sufficient to indicate that the interest of policyholders of the Domestic Insurer and of the public will not be jeopardized by the Applicants' acquisition of control of the Domestic Insurer.

**(6) The acquisition of control or the Domestic Insurers is likely to be hazardous or prejudicial to those buying insurance.**

General Statutes § 38a-132(a)(6) requires that the proposed acquisition not be hazardous or prejudicial to the insurance buying public.

Ms. Darcy addressed any concerns the Department may have had with respect to the interests of those buying insurance in her pre-filed testimony when she stated:

The Proposed Acquisition will not be hazardous or prejudicial to those buying insurance. The Domestic Insurer is not actively writing new business and the Applicants have no present plans to cause the Domestic Insurer to begin writing new business through the Domestic Insurer. As a result, there is no evidence that the Proposed Acquisition is likely to be hazardous or prejudicial to those buying insurance.<sup>7</sup>

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<sup>6</sup> Hrg. Transcr. 20: 3-19 (May 25, 2022).

<sup>7</sup> Stathy Darcy, Pre-Filed Testimony, p.10 (May 23, 2022).

Accordingly, assuming compliance with the Applicants' commitments as set forth in the record and with all of Connecticut's insurance statutes and regulations, the undersigned hereby finds that it is reasonable to conclude that the Proposed Acquisition is not likely to be hazardous or prejudicial to those buying insurance.

#### **IV. RECOMMENDATION**

Based on the foregoing Findings of Fact and Discussion, the written and oral testimony and exhibits submitted to the Department, and the record of the May 25, 2022 public hearing, the undersigned hereby concludes that no condition justifying disapproval listed in General Statutes § 38a-132(a) is present with respect to completion of the Proposed Acquisition. Accordingly the undersigned recommends that the Commissioner find, pursuant to § 38a-132(a) that after the Proposed Acquisition of control (i) the Domestic Insurer will be able to satisfy the requirements for the issuance of a license for the lines of business for which it is presently licensed; (ii) the effect of the acquisition of control will not substantially lessen competition of insurance in this state or tend to create a monopoly herein; (iii) the financial condition of the Applicants is not such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders; (iv) the Applicants' plans or proposals for the Domestic Insurer are not unfair and unreasonable to the policyholders of the Domestic Insurer and are in the public interest; (v) the competence, experience and integrity of the management of the Applicants and Domestic Insurer are such that it would be in the interest of the policyholders of the Domestic Insurer and of the public to permit the Proposed Acquisition; and (vi) completion of the Proposed Acquisition is not likely to be hazardous or prejudicial to those buying insurance.

Accordingly, the undersigned recommends that the Commissioner issue the following orders:

1. The Application of the Applicants in which they seek approval to acquire control of the Domestic Insurer is hereby approved.
2. The Applicants and Domestic Insurer shall conduct their operations consistent with the representations, disclosures and commitments set forth in the record of this proceeding and proposed final decision.
3. The Applicants shall provide the Department with written confirmation of the consummation of the acquisition of control by the end of the month in which the acquisition takes place.
4. The Applicants shall provide the Department with written details of the final purchase price after all adjustments used to complete the acquisition.
5. The Applicants shall provide the Department with the names and titles of those individuals who will be responsible for filing an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.
6. Within fifteen (15) days following the end of the month in which the Proposed Acquisition is consummated, the Domestic Insurer shall file an amended Insurance Holding Company System Annual Registration Statement pursuant to section 38a-138-10 of the Regulations of Connecticut State Agencies.
7. For the two (2) year period following the consummation of the Proposed Acquisition, prior approval of the Commissioner will be required with any respect



to any dividends paid by the Domestic Insurer, as long as the Domestic Insurer remains a Connecticut-domiciled company.

8. For the period of two (2) years, the Applicants shall file semiannually with the Insurance Department, commencing six (6) months from consummation of the Proposed Acquisition, a report under oath of its business operations in Connecticut, including but not limited to, integration process, any change of business of the Domestic Insurer, changes in offices of the Domestic Insurer, and notice of any statutory compliance or regulatory action taken by other state regulatory agencies against the Applicants and Domestic Insurer, as long as the Domestic Insurer remains a Connecticut-domiciled company. In addition, the operating report shall provide an update on Connecticut Employee status.
9. The Domestic Insurer shall continue to maintain its books and records in Connecticut and shall make all such items available for inspection by the Commissioner at any time, as long as the Domestic Insurer remains a Connecticut-domiciled company.
10. If the Proposed Acquisition is not consummated within ~~three~~ (3) months of the date of this Order and the Applicants intent to consummate the Proposed Acquisition, the Applicants shall submit to the Commissioner a statement, which shall include (i) the reason for the Applicants' inability to consummate the Proposed Acquisition; (ii) any material changes in the information contained in the Application; and (iii) the current financial statements of the Applicants and the Domestic Insurer.

11. The Applicants shall pay any expenses incurred by the Commissioner in connection with the Department's review of the Application pursuant to General Statutes §38a-132(c).

Dated at Hartford this 21<sup>st</sup> day of June, 2022.

  
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Antonio Caporale  
Hearing Officer