STATE OF CONNECTICUT

INSURANCE DEPARTMENT

In the Matter of:	:	
PROPOSED ACQUISITION OF CONTROL OF	:	
PHL VARIABLE INSURANCE COMPANY, PHOENIX LIFE AND ANNUITY COMPANY and AMERICAN PHOENIX LIFE AND REASSURANCE COMPANY, wholly owned subsidiaries of The Phoenix Companies, Inc.	:	
by	:	Docket No. EX15-150
DAVERO MERGER SUB CORP., NASSAU REINSURANCE GROUP HOLDINGS, L.P., NASSAU REINSURANCE GROUP HOLDINGS GP, LLC, NASSAU HOLDINGS, L.P., GGCOF EXECUTIVE CO-INVEST HOLDINGS, GP LTD., (f/k/a/ Nassau Holdings, GP Ltd.), GOLDEN GATE PRIVATE EQUITY, INC., AND DAVID C. DOMINIK	:	

ORDER

I, Katharine L. Wade, Insurance Commissioner of the State of Connecticut, having read the record in the above-captioned matter, do hereby adopt the findings and recommendations of Paul Lombardo, Hearing Officer, which are contained in the attached Proposed Final Decision, dated May 4th 2016 and issue the following order, TO WIT;

1. The Application of the Applicants in which they seek approval to acquire control of the Domestic Insurers is hereby approved.

2. The Applicants and Domestic Insurers shall conduct their operations and the operations of the entities under their respective control consistent with the representations, disclosures and commitments as set forth in the record of this proceeding and the proposed final decision, including but not limited to the Capital Management Plan.

3. The Applicants shall provide the Insurance 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 Insurance 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 the filing and amended Insurance Holding Company System Annual Registration Statement pursuant to Conn. Agencies Regs. §38a-138-10.

6. Within fifteen (15) days following the end of the month in which the Proposed Acquisition is consummated, the Domestic Insurers shall file an amended Insurance Holding Company System Annual Registration Statement pursuant to Conn. Agencies Regs. §38a-138-10.

7. For the period of two years, the Applicants shall file semiannually with the Insurance Department, commencing six 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 the business of the Domestic Insurers; changes in offices of the Domestic Insurers; and notice of any statutory compliance or regulatory actions taken by other state regulatory authorities against the Applicants and Domestic Insurers.

8. Within thirty (30) days following the end of the month in which the Proposed Acquisition is consummated, the Applicants shall request that the Commissioner waive the requirements set forth in Conn. Gen. Stat. Sec. 38a-136(i)(1) with respect to the Domestic Insurers undergoing a financial and market conduct examination within thirty days following the Proposed Acquisition.

9. The Domestic Insurers shall, at all times, maintain its books and records in Connecticut pursuant to Conn. Gen. Stat. § 38a-57 unless otherwise approved by the Commissioner.

10. If the Proposed Acquisition is not consummated within three (3) months of the date of this Order and the Applicants intend 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 or matters testified to during the hearing held on the Application; and (iii) the current financial statements of the Applicants and the Domestic Insurers.

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

Dated at Hartford, Connecticut, this 5th day of May, 2016.

Katharine L. Wade

Katharine L. Wade
Insurance Commissioner

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PROPOSED FINAL DECISION

I. INTRODUCTION

Davero Merger Sub Corp., Nassau Reinsurance Group Holdings, L.P., Nassau Reinsurance Group Holdings GP, LLC, Nassau Holdings, L.P., GGCOF Executive Co-invest Holdings Ltd., Golden Gate Private Equity, Inc. and David C. Dominik (collectively, "Applicants") seek the approval of the Insurance Commissioner of the State of Connecticut for the proposed acquisition of control (the "Proposed Acquisition") of PHL Variable Insurance Company, Phoenix Life and Annuity Company and American Phoenix Life and Reassurance Company, each a Connecticut domestic insurer ("Domestic Insurers" or collectively, the "Domestic Insurers") pursuant to an Amended and Restated Form A dated March 15, 2016 (the "Application") filed with the Connecticut Insurance Department (the "Department") in accordance with Conn. Gen. Stat. §38a-130 and Conn. Agencies Regs. §38a-138-6 (the "Application"). Each of the Domestic Insurers is a wholly owned subsidiary of The Phoenix Companies, Inc., a Delaware corporation and publicly traded insurance holding company ("The Phoenix").

The Proposed Acquisition will be effected pursuant to the terms of the Agreement and Plan of Merger dated as of September 28, 2015, by and among Nassau Reinsurance Group Holdings, L.P. ("Nassau Re Holdco LP"), Davero Merger Sub Corp. ("Merger Sub") and Phoenix.

The Insurance Commissioner is required by Conn. Gen. Stat. §38a-132 and Conn. Agencies Regs. §38a-138-6 to hold a public hearing on the Proposed Acquisition of the Domestic Insurers within thirty days after the Commissioner determines that the Application is complete in all respects. Based on a determination that the Application was substantially complete, Insurance Commissioner Wade issued a notice of public hearing dated March 18, 2016, in which she ordered that the public hearing be held on April 19, 2016 concerning the application for approval of the Proposed Acquisition of the Domestic Insurers. The hearing notice was subsequently published in *The Hartford Courant*, on March 24, 2014 and March 31, 2016. The notice of hearing was also filed by the Department with the Office of the Secretary of State on March 21, 2016 and was published on the Department's internet website on March 18, 2016. The Department's internet website also displayed for public viewing the public documents related to the Application.

In accordance with Conn. Agencies Regs. §38a-8-48, the Applicants and the Domestic Insurers were designated as parties to this proceeding.

By order dated March 18, 2016, Commissioner Wade appointed the undersigned to serve as Hearing Officer in this proceeding.

On April 19, 2016, the public hearing on the Proposed Acquisition of the Domestic Insurer was held before the undersigned. Mr. Phillip Gass, Chief Executive Officer of Nassau Reinsurance Group, Mr. James D. Wehr, President and Chief Executive Officer of The Phoenix Companies, Inc. and Mr. Stephen D. Oetgen, Director of GGCOF Executive Co-Invest

Holdings Ltd. and the Chief Financial Officer, Vice President, and General Counsel of Golden Gate Private Equity, Inc. testified at the public hearing on behalf of the Applicants.

Mr. Sam S.F. Caligiuri, Esq., Mr. William D. Goddard, Esq., and Ms. Kathleen D. Monnes, Esq., of Day Pitney LLP represented the Applicants. Mr. Gary Horowitz, Esq. of Simpson, Thatcher, and Bartlett LLP represented the Domestic Insurers.

The following Department staff participated in the public hearing: Kathryn P. Belfi, Director of the Financial Regulation Division, Joan Nakano, Supervising Insurance Examiner, and Kristin M. Campanelli, Counsel.

Pursuant to the published hearing notice, the public was given an opportunity to speak at the hearing and to submit written comments on the Application with respect to the issues to be considered by the Commissioner. In this regard, no oral or written comments on the Application were submitted.

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 facts:

1. GGCOF Executive Co-Invest Holdings Ltd. (f/k/a Nassau Holdings, GP Ltd.) ("Nassau Holdings GP") is a Cayman Islands exempted company, the general partner of Nassau Holdings L.P., and conducts no other business.
2. Nassau Holdings, L.P. ("Nassau Holdings LP") is a Cayman Island exempted limited partnership managed by Nassau Holdings GP and conducts no other business other than serving as an intermediate holding company.
3. Nassau Reinsurance Group Holdings GP, LLC ("Nassau Re Holdco GP") is a Delaware limited liability company, the general partner of Nassau Re Holdco L.P., and conducts no other business.

4. Nassau Reinsurance Group Holdings L.P. ("Nassau") is a Delaware limited partnership and is managed by Nassau Re Holdco GP.
5. Nassau Re (Cayman) Ltd. is a Cayman Islands exempted company and a wholly owned indirect subsidiary of Nassau Holdings L.P. ("Nassau Cayman")
6. The business address of Nassau is 198 Bridle Path Lane, New Canaan, Connecticut 06840.
7. The business address of Golden Gate Private Equity, Inc. and David Dominik is One Embarcadero Center, Suite 3900, San Francisco, California 94111.
8. Nassau, through its direct and indirect subsidiaries, is intended to be the principal U. S. holding company for all of Nassau's insurance businesses, including Phoenix and the Domestic Insurers.
9. Nassau was launched in April 2015 and is an insurance and reinsurance business focused on acquiring and operating U.S. and foreign insurance companies with long tail liabilities in the life, annuity and long term care sectors.
10. Nassau received an equity capital commitment of $750 million in 2015 from private equity funds with over $15 billion of committed capital managed by Golden Gate Private Equity, Inc., a registered investment advisor.
11. Golden Gate Private Equity, Inc. is a Delaware corporation headquartered in San Francisco, California and is a registered investment advisor that advises a group of private investment funds which collectively have over $15 billion of capital under management.
12. Certain of Golden Gate's private investment funds own limited partnership interests in Nassau Holdings, L.P., the indirect parent entity of Nassau Reinsurance Group Holdings, L.P. and Davero Merger Sub Corp., which are the parties to the Agreement and Plan of Merger entered into with Phoenix.

13. Each fund is a private equity fund managed by Golden Gate Private Equity, Inc. and as of December 31, 2015, the total net worth of the limited partners of Nassau Holdings, L.P., which are the funds, is in excess of 1 billion dollars.
14. David C. Dominik exercises direct or indirect control over the funds.
15. As of December 31, 2015, David C. Dominik has a net worth in excess of 50 million dollars.
16. The Domestic Insurers are located at One American Row, Harford, Connecticut 06102.
17. The Phoenix is a holding company incorporated in Delaware with operating subsidiaries providing life and annuity products through independent producers.
18. As of October 31, 2015, together with its subsidiaries, The Phoenix employs approximately 632 people throughout North America; approximately 364 employees are located in Connecticut.
19. The Domestic Insurers are currently authorized to conduct a life and annuity business in 48 states and have been engaged in the sale of insurance products since 1981.
20. The Proposed Acquisition will be effected through the merger of Merger Sub with and into The Phoenix, with The Phoenix continuing as the surviving corporation.
21. After the completion of the Proposed Acquisition, The Phoenix as the surviving corporation will become a wholly-owned subsidiary of Nassau Re Holdco LP and Nassau Re Holdco LP will indirectly acquire control of each of the Domestic Insurers and other direct and indirect subsidiaries of The Phoenix, including Phoenix Life Insurance Company, a New York domiciled insurer.
22. Upon completion of the transaction, the Applicants represent that they intend to operate The Phoenix as a going concern in a manner similar to how The Phoenix has operated in the past, with The Phoenix serving as Nassau's U.S. life and annuity platform which will remain headquartered in Hartford, Connecticut, with an office in East Greenbush,

New York, and Nassau has committed to retain a material portion of The Phoenix's current workforce.

23. The Domestic Insurers utilize the Saybrus Partners, Inc. ("Saybrus") to distribute their products through selected independent producers and independent marketing organizations. Saybrus is a subsidiary of The Phoenix with corporate headquarters in Hartford, Connecticut, and provides consulting services to partner firms in support of policies written by companies other than those affiliated with The Phoenix.

24. The Application and testimony of Mr. Gass reflect that Nassau's stated objectives following the Proposed Acquisition are to stabilize The Phoenix's balance sheet by funding $100 million of new capital into The Phoenix to support its subsidiaries, to implement a series of actions to "right-size" expenses, and to focus business initiatives and resources on restoring profitability.

25. Mr. Gass further testified that Nassau expects that its actions will stabilize and improve The Phoenix's financial condition and its financial strength ratings, both of which will serve to support longer term goals, including sales and growth plans.

26. The Application reflects that the Applicants have no immediate plans to change the business written by The Phoenix, and the belief that PHL Variable Insurance Company ("PHLVIC") provides an attractive opportunity for growth in the middle market.

27. The aggregate consideration for the proposed acquisition is valued at $217.2 million.

28. The limited partners of Nassau Holdings LP have provided $400 million in capital contributions to Nassau to be used to fund the merger consideration and additional items.

29. Each share of common stock, par value $0.01 per share, of Phoenix issued and outstanding immediately prior to the effective time, other than any shares to be

cancelled or any dissenting shares will be converted into the right to receive $37.50 in cash payable to the holder, without interest, per share and cancelled.

30. Goldman, Sachs & Co. and Sandler O'Neil+Partners, L.P. delivered a report to the Board of Directors of Phoenix that, as of the date of the merger agreement, the merger consideration is fair to the holders of common stock.

31. Pre-Acquisition Directors and Officers of Applicants and Domestic Insurers are:

Merger Sub

Phillip Gass	Director and President
Kostas Cheliotis	Director and Secretary

Nassau

There are no officers and directors of Nassau

Nassau Re Holdco GP

Phillip Gass	Manager and President
Kostas Cheliotis	Manager and Secretary

Nassau Holdings LP

There are no officers and directors of Nassau

Nassau Holdings GP

Kostas Cheliotis	Director
David C. Dominik	Director
Phillip Gass	Director
Daniel J. Haspel	Director
Christopher J. Hooper	Director
Robert O. Little	Director
Stephen D. Oetgen	Director

There are no executive officers of Nassau Holdings GP.

Golden Gate

Rajeev J. Amara	Vice President
Prescott H. Ashe	Managing Director
Rishi Chandna	Vice President
Joshua Cohen	Vice President
David C. Dominik	Chief Investment Officer, Managing Director, and sole Director

Robert O. Little	Vice President
James O'Connor	Chief Compliance Officer
Stephen D. Oetgen	Chief Financial Officer, Vice President, and General Counsel
Joshua Olshansky	Vice President

PHL Variable Insurance Company

James David Wehr	President
Naomi Baline Kleinman	Vice President and Treasurer
John Henry Beers	Vice President and Secretary
Thomas Martin Buckingham	Director and Executive Vice President
Byron Burdick Frank	Vice President
Christopher Andrew Macklem	Illustration Actuary
Robert Paul Mallick	2nd Vice President and Chief Compliance Officer
Ernest Malcolm McNeill, Jr.	SVP & Chief Accounting Officer
Gina Collopy O'Connell	Senior Vice President
Benito Joel Cuevo, Jr.	Vice President
Robert Joseph Lombardi	Senior Vice President
Bonnie Jean Malley	EVP & Chief Financial Officer
Kathleen Ann McGah	Vice President & Assistant Secretary
John Thomas Mulrain	EVP & Assistant Secretary
Christopher Matthew Wilkos	Director, EVP & Chief Investment Officer
Edward William Cassidy	Director

American Phoenix Life and Reassurance Company

Robert Joseph Lombardi	Director and President
Naomi Baline Kleinman	Vice President & Treasurer
John Henry Beers	Vice President & Secretary
Christopher Andrew Macklem	2nd Vice President & Appointed Actuary
Bonnie Jean Malley	EVP & Chief Financial Officer
Kathleen Ann McGah	Vice President & Assistant Secretary
Christopher Matthew Wilkos	Director, EVP & Chief Investment Officer
Robert Paul Mallick	2nd VP & Chief Compliance Officer
John Thomas Mulrain	EVP & Assistant Secretary

Phoenix Life and Annuity Company

Thomas Martin Buckingham	Director and President
Naomi Baline Kleinman	Vice President & Treasurer
John Henry Beers	Vice President & Secretary
Christopher Andrew Macklem	Appointed & Illustration Actuary
Byron Burdick Frank	Vice President
Robert Paul Mallick	2nd Vice President and Chief

	Compliance Officer
Earnest Malcolm McNeill, Jr.	SVP & Chief Accounting Officer
Gina Collopy O'Connell	Senior Vice President
Bonnie Jean Malley	Director, EVP & Chief Financial Officer
Kathleen Ann McGah	Vice President & Assistant Secretary
John Thomas Mulrain	EVP & Assistant Secretary
Christopher Matthew Wilkos	EVP & Chief Investment Officer

32. The Application discloses that post-acquisition, Nassau will assume management of The Phoenix, and that Nassau is actively evaluating existing senior management and expects to retain key existing members of the Phoenix's senior management team, both through the transition and longer term for the turnaround and growth of the Phoenix.
33. The biographical affidavits of the members of the board of directors and 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 Insurers after the acquisition.
34. The Applicants have no plans or proposals to liquidate any Domestic Insurer, to sell its assets, merge or consolidate the Domestic Insurers with any other person or entity.
35. The Applicants have no current plans to change any Domestic Insurer's primary location in Hartford, Connecticut.
36. With respect to integration, the Applicants have established a governance framework with the creation of a Transition Committee which will plan the implementation of the transactions contemplated in the merger agreement, discuss The Phoenix's business to be conducted from and after the closing, arrive at mutually acceptable defense for any action pending or to the knowledge of The Phoenix, threatened against The Phoenix or its subsidiaries, and discuss and monitor certain other compliance policies and procedures of Phoenix and its subsidiaries.

37. The Applicants have committed to comply with all requirements under applicable law relating to retention of the Domestic Insurer's books and records within the State and will remain in compliance with Insurance Department Bulletin FS-2 concerning custody of securities.
38. The Domestic Insurers' policyholder base includes both high net worth and middle market customers, with more recent business concentrated in the middle market.
39. Most of The Phoenix's life insurance in force is permanent life insurance (whole life, universal life, and variable universal life) insuring one or more lives, and annuity products include fixed and variable annuities with a variety of death benefit and guaranteed living benefit options.
40. The Phoenix insurance subsidiaries use Saybrus to distribute their products through selected independent producers and independent marketing organizations.
41. The Application discloses an intent to transfer ownership of Saybrus to an affiliate of Nassau to further support Nassau's and Saybrus' long term growth plans, as a separate Nassau subsidiary.
42. The Application and testimony of Mr. Wehr references Nassau's plan to assess the risk and return of products currently sold by Phoenix and the capital consumed by the sale of such products and will make improvements based on this data by slowing down or discontinuing products that do not achieve acceptable levels of return or result in unacceptable levels of capital consumption or risk, targeting annual sales of fixed annuities at $500 million.
43. The Applicants anticipate continuing to sell life products.
44. The Applicants do not own or control any insurance companies that write business in the same lines of business as any Domestic Insurer.
45. The Applicants have no current plans to make any other material change in the Domestic Insurers' business operation or corporate structure or management, or cause

any of the Domestic Insurers to enter into material agreements, arrangements or transactions of any kind with any party other than a reinsurance transaction in which PHLVIC is expected to enter into a modified coinsurance agreement with Nassau Cayman in which Phoenix will cede a quota share of 50% of its risks under certain fixed indexed annuities in force prior to or as of April 1, 2016 to Nassau Cayman.

46. Nassau and The Phoenix agreed to a capital management plan, entered into the record as Exhibit No. 25 (the "Capital Management Plan") to be implemented following the transaction. In the Capital Management Plan, the parties agreed on the following essential elements: maintaining certain employment levels in Connecticut; keeping The Phoenix headquarters in Hartford; maintaining the Authorized Control Level Risk Based Capital Ratio (ACL RBC) ratio for PHLVIC at or above 400%; and completion of the $100 million capital contribution to be made by Nassau to The Phoenix to be used solely to support the insurance operations of Phoenix Life Insurance Company and PHLVIC and/or for the maintenance of their respective capital levels.

47. The Applicants received notice on October 26, 2015 from the U.S. Federal Trade Commission that it had granted early termination, effective immediately, of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 for the Applicants' proposed acquisition of Phoenix.

III. DISCUSSION

The Insurance Commissioner is required to approve the Proposed Acquisition unless, after a public hearing, she finds that the proposed acquisition of control of the Domestic Insurers would result in any of the conditions set forth in Conn. Gen. Stat. § 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 lines of business for which it is presently licensed.

Conn. Gen. Stat. § 38a-132(a)(1) requires each 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 Insurers are currently licensed pursuant to Conn. Gen. Stat. §38a-41 and each satisfies the requirement for the issuance of a license to write the lines of business for which they are licensed. Mr. Gass and Mr. Oetgen testified that no changes will be made to any Domestic Insurer such that it would not be able to satisfy the requirements for the issuance of its licenses.

In addition to the criteria set forth in Conn. Gen. Stat. §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 Conn. Gen. Stat. §38a-41. The Applicants in testimony and submissions have confirmed that books and records will remain in their present location in Connecticut and the Applicants confirmed they will remain in compliance with Insurance Department Bulletin No. FS-2 with respect to custody arrangements for securities.

As noted in the findings of fact, the Applicants have no plans or proposals following consummation of the Proposed Acquisition, to liquidate the Domestic Insurers, to sell its assets, or merge or consolidate the Domestic Insurers with any other person or entity. There are no plans for the Domestic Insurers to enter into any material contract, agreement, arrangement or transaction of any kind with any person or entity other than the reinsurance transaction in which PHLVIC is expected to enter into a modified coinsurance agreement with Nassau Cayman in which PHLVIC will cede a quota share of 50% of its risks under certain fixed indexed annuities in force prior to or as of April 1, 2016 to Nassau Cayman.

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

Accordingly, the undersigned hereby finds that the evidence contained in the record supports a finding that each Domestic Insurer will be able to satisfy the requirements for the issuance of the necessary license of an insurer for which each 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.

Conn. Gen. Stat. § 38a-132(a)(2) requires that the proposed transaction neither substantially lessens competition nor creates a monopoly in the Connecticut insurance market. In evaluating the effect of the proposed acquisition on competition in Connecticut, the Commissioner is required by Conn. Gen. Stat. § 38a-132(a)((2)(A) to consider the information required under Conn. Gen. Stat. § 38a-131(c)(1) and the considerations specified in Conn. Gen. Stat. § 38a-131(d)(1). In this regard, the Commissioner must consider the percentages of market shares of the Applicants and affiliates and the Domestic Insurers and affiliates and the market in which the insurers compete, as set forth in Conn. Gen. Stat. § 38a-131(d)(1). If certain quantitative criteria are met, then there is *prima facie* evidence that the competitive standard has been violated. (*See* Conn. Gen. Stat. § 38a-131(d)(1)).

Conn. Gen. Stat. § 38a-131(d)(2) defines "market" as the relevant product and geographical markets. In determining the relevant product and geographical markets, Conn.

Gen. Stat. § 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 Applicants do not own or control any insurance companies that write business in the same lines of business as the Domestic Insurers. The undersigned concludes that this Proposed Acquisition will not result in any anticompetitive effect or any increase in market share in the life insurance or annuity markets in Connecticut.

Moreover, the United States Federal Trade Commission ("FTC") granted early termination on October 26, 2015 of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 for the Applicants' proposed acquisition of Phoenix which reflects a determination that the FTC did not find any potential harm to competition as a result of the Proposed Acquisition. Therefore, an inference is drawn that there was no finding by the FTC that the proposed acquisition by the Applicants of the Domestic Insurer would substantially lessen competition or create a monopoly.

Accordingly, the undersigned hereby finds that, based on the evidence contained in the record of this proceeding, the effect of the acquisition of control of the Domestic Insurers 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 Insurer or prejudice the interests of its policyholders.

Conn. Gen. Stat. § 38a-132(a)(3) requires that the financial condition of any acquiring company be in sufficiently sound financial condition so as not to jeopardize the financial stability

of the domestic insurers or prejudice the interests of its policyholders. Based on the information entered into the record of this proceeding, including the Amended and Restated Form A and the testimony of Mr. Gass and Mr. Oetgen, the undersigned hereby finds that there is no evidence indicating that the financial condition of the Applicants might jeopardize the financial condition of any Domestic Insurer, or prejudice the interest of its policyholders.

(4) The plans or proposals of the acquiring party to liquidate the Domestic Insurer, sell its assets or consolidate or merge it 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 Insurer and not in the public interest.

Conn. Gen. Stat. § 38a-132(a)(4) requires that the 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. The testimony of Mr. Gass noted that as indicated in the Form A, the Applicants do not have, nor do they contemplate, any plans or proposals to liquidate any Domestic Insurer, to sell any of its assets or merge or consolidate it with any person or persons. Upon completion of the Proposed Acquisition, The Phoenix will be a wholly owned subsidiary of Nassau. As described in the Form A, the Applicants are currently considering potential synergies that may be achieved as a result of the Proposed Acquisition, but the Applicants have affirmed that there are no immediate plans to make any other material change in any Domestic Insurer's business operations or corporate structure or management, or to cause any Domestic Insurer to enter into material agreements, arrangements or transactions of any kind with any party, other than the reinsurance transaction in which PHLVIC is expected to enter into a modified coinsurance agreement with Nassau Cayman in which Phoenix will cede a quota share of 50% of its risks under certain fixed indexed annuities in force prior to or as of April 1, 2016 to Nassau Cayman. 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 any Domestic Insurer that are unfair and unreasonable to policyholders of such Domestic Insurer or not in the public interest.

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

Conn. Gen. Stat. § 38a-132(a)(5) requires that the competence, experience and integrity of those persons who would control the operation of the Domestic Insurers 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 will serve as members of the board and as officers of the Applicants following the change of control. 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 years, none of the proposed directors or officers of the Applicants has 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 years, none of the proposed directors or officers of the Applicants has 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 proposed director or officer of the Applicants has 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 reflects negatively on the integrity of these individuals. Accordingly, the undersigned hereby finds that the competence,

experience, and integrity of those persons who would control the operations of each Domestic Insurer after completion of the Proposed Acquisition are sufficient to indicate that the interest of policyholders of such Domestic Insurer and of the public will not be jeopardized by the Applicants' acquisition of control of the Domestic Insurers.

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

Conn. Gen. Stat. § 38a-132(a)(6) requires that the proposed acquisition not be hazardous or prejudicial to the insurance buying public. Based on the financial strength of the Applicants, the commitments contained within the Capital Management Plan, the competence, experience and integrity of those persons who would control the operation of each Domestic Insurer post-acquisition, the testimony of Mr. Gass, Mr. Oetgen, and Mr. Wehr, and the affirmation that the current plans of the Applicants for the Domestic Insurers will not disrupt any Domestic Insurer's current policyholders and will provide a strong and stable financial environment for the Domestic Insurers, the Proposed Acquisition is not likely to be hazardous or prejudicial to those buying insurance.

Accordingly, assuming compliance with the Applicants' commitments as set forth in the record and with all 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 the discussion; the written testimony and exhibits submitted to the Department; and the record of the April 19, 2016 public hearing, the undersigned hereby concludes that no condition justifying disapproval listed in Conn. Gen. Stat.

§38a-132(a) is present with respect to completion of the Proposed Acquisition. Accordingly, the undersigned recommends that the Insurance Commissioner find, pursuant to Conn. Gen. Stat. § 38a-132(a) that after the Proposed Acquisition of control (i) each 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 of the Domestic Insurers will not substantially lessen competition of insurance in this state or tend to create a monopoly therein; (iii) the financial condition of the Applicants is not such as might jeopardize the financial stability of any Domestic Insurer or prejudice the interests of its policyholders; (iv) the Applicants' plans or proposals for the Domestic Insurers are not unfair and unreasonable to the policyholders of the Domestic Insurers and are not contrary to the public interest; (v) the competence, experience and integrity of those individuals who will control the Domestic Insurers after the acquisition are sufficient to indicate that that the interest of the policyholders of the Domestic Insurers and the public will not be jeopardized by the Applicants' acquisition of control of the Domestic Insurers; and (vi) 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 Insurers is hereby approved.

2. The Applicants and Domestic Insurers shall conduct their operations and the operations of the entities under their respective control consistent with the representations, disclosures and commitments as set forth in the record of this proceeding and the proposed final decision, including but not limited to the Capital Management Plan.

3. The Applicants shall provide the Insurance 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 Insurance 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 the filing and amended Insurance Holding Company System Annual Registration Statement pursuant to Conn. Agencies Regs. §38a-138-10.

6. Within fifteen (15) days following the end of the month in which the Proposed Acquisition is consummated, the Domestic Insurers shall file an amended Insurance Holding Company System Annual Registration Statement pursuant to Conn. Agencies Regs. §38a-138-10.

7. For the period of two years, the Applicants shall file semiannually with the Insurance Department, commencing six 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 the business of the Domestic Insurers; changes in offices of the Domestic Insurers; and notice of any statutory compliance or regulatory actions taken by other state regulatory authorities against the Applicants and Domestic Insurers.

8. Within thirty (30) days following the end of the month in which the Proposed Acquisition is consummated, the Applicants shall request that the Commissioner waive the requirements set forth in Conn. Gen. Stat. Sec. 38a-136(i)(1) with respect to the Domestic Insurers undergoing a financial and market conduct examination within thirty days following the Proposed Acquisition.

9. The Domestic Insurers shall, at all times, maintain its books and records in Connecticut pursuant to Conn. Gen. Stat. § 38a-57 unless otherwise approved by the Commissioner.

10. If the Proposed Acquisition is not consummated within three (3) months of the date of this Order and the Applicants intend 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 or matters testified to during the hearing held on the Application; and (iii) the current financial statements of the Applicants and the Domestic Insurers.

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

Dated at Hartford, Connecticut, this 4th day of May, 2016.

Paul Lombardo
Hearing Officer