

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Lombard International US	:	Holding Companies Act, Article
Holdings, Inc. Requesting Exemption	:	XIV of the Insurance Company
from the Requirements of 40 P.S.	:	Law of 1921, Act of May 17, 1921,
§991.1402 for the Restructuring of its	:	P.L. 682, <u>as amended</u> , 40 P.S.
Holding Company System which includes	:	§§991.1401, 991.1402, and
Lombard International Life Assurance	:	991.1403
Company	:	
	:	Order No. ID-RC-18-15

**DECISION AND ORDER**

AND NOW, on this 2<sup>nd</sup> day of November 2018, Joseph DiMemmo, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Insurance Holding Companies Act and in consideration of the documents, presentations and reports received, as well as other inquiries and studies as permitted by law, the Deputy Commissioner hereby makes the following findings of fact:

**FINDINGS OF FACT**

**Identity of the Parties**

1. Lombard International Life Assurance Company (the “Domestic Insurer”) is a stock life insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business in Philadelphia, Pennsylvania.

2. Lombard International US Holdings, Inc. (“the Applicant”) is a business corporation organized pursuant to the laws of the State of Delaware. The Domestic Insurer is a direct wholly-owned subsidiary of Applicant.
3. LIA Holdings, Ltd. (“LIAH”) is a company organized pursuant to the laws of the Cayman Islands. Applicant is a direct wholly-owned subsidiary of LIAH.
4. BTO LIA Holdings (Cayman), L.P. (“BTO LIAH”) is an exempted limited partnership organized pursuant to the laws of the Cayman Islands. LIAH is a direct wholly-owned subsidiary of BTO LIAH.
5. BTO Holdings Cayman Manager L.L.C. (“Cayman Manager”), a Cayman Islands exempted limited liability company, is the general partner of BTO LIAH.
6. Blackstone Tactical Opportunities Management Associates (Cayman) L.P. (“BTO Management”), a Cayman Islands exempted limited partnership, is the managing member of Cayman Manager.
7. Blackstone Tactical Opportunities LR Associates (Cayman) Ltd. (“BTO LR”), a Cayman Islands exempted company, is one of the two general partners of BTO Management.
8. BTO GP L.L.C. (“BTO GP”), a limited liability company organized pursuant to the laws of the State of Delaware, is one of the two general partners of BTO Management.
9. Blackstone Holdings III L.P. (“Blackstone Holdings III”), a Canadian limited partnership, owns all of the shares of BTO LR and is the sole member of BTO GP.
10. Blackstone Holdings III GP L.P. (“Blackstone Holdings III GP”), a limited partnership organized pursuant to the laws of the State of Delaware, is the general partner of Blackstone Holdings III.
11. Blackstone Holdings III GP Management, L.L.C. (“Blackstone Holdings III GP Management”), a limited liability company organized pursuant to the laws of the State of Delaware, is the general partner of Blackstone Holdings III GP.
12. The Blackstone Group L.P. (“Blackstone”), a Delaware limited partnership organized pursuant to the laws of the State of Delaware that is publicly traded on the New York Stock Exchange, is the sole member of Blackstone Holdings III GP Management.
13. Blackstone Group Management L.L.C. (“Blackstone Group Management”), a limited liability company organized pursuant to the laws of the State of Delaware, is the general partner of Blackstone.

14. Stephen A. Schwarzman (“Mr. Schwarzman”) is an individual with his principal place of business in New York, New York. Mr. Schwarzman controls Blackstone Group Management.
15. Cayman Manager, BTO Management, BTO LR, BTO GP, Blackstone Holdings III, Blackstone Holdings III GP, Blackstone Holdings III GP Management, Blackstone, Blackstone Group Management and Mr. Schwarzman are the “Delegating Persons”.
16. Menes O. Chee is an individual with his principal place of business in New York, New York.
17. Andrea Valeri is an individual with his principal place of business in London, United Kingdom.
18. Pursuant to the terms of a Joint Investment Committee Agreement, effective June 30, 2015, the Delegating Persons delegated all of their respective powers and control to direct or cause the direction of the management and policies of LIAH with respect to Applicant and its subsidiaries, including the Domestic Insurer, to the Investment Committee Members.
19. Messrs. Chee and Valeri are the “Investment Committee Members”.
20. The Investment Committee Members are the ultimate controlling persons of the Domestic Insurer.

**Filing of the Application**

21. On September 20, 2018, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Application”) from Applicant for approval to restructure its insurance holding company system.
22. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. (“Insurance Holding Companies Act”), provides that all transactions affecting the control of a domestic insurer must be filed with the Department for approval or disapproval.
23. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
24. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction:
  - a. does not have the effect of changing or influencing the control of a domestic insurer, or

b. is otherwise not comprehended within the purposes of the section.

### **The Transaction**

25. As described in the Application, BTO LIAH proposes to transfer all respective shares of voting stock of LIAH to a newly formed English corporation ("Newco") in exchange for all of the voting stock of Newco (hereinafter "the Transfer").
26. As described in the Application, upon completion of the Transfer, BTO LIAH will directly hold 100% of the issued and outstanding voting stock of Newco.
27. As described in the Application, upon completion of the Transfer, LIAH will be contemporaneously liquidated resulting in Newco becoming the sole stockholder of the Applicant.
28. As described in the Application, in connection with the Transfer, Newco will become a party to and agree to be bound by the Joint Investment Committee Agreement.
29. As described in the Application, the Investment Committee Members will remain as the sole ultimate controlling persons of the Domestic Insurer.
30. As described in the Application, the sole purpose of the transaction is to change the jurisdiction of the Applicant's immediate parent company from the Cayman Islands to England.
31. The Insurance Commissioner of the Commonwealth of Pennsylvania ("Commissioner") has delegated to the Deputy Insurance Commissioner the authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer.
32. The Deputy Commissioner finds that the transactions described in the Application would not have the effect of changing or influencing the control of a domestic insurer.
33. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

### **CONCLUSIONS OF LAW**

1. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the acquisition of controlling securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.

2. The Insurance Commissioner has delegated authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer to the Deputy Insurance Commissioner.
3. The Deputy Commissioner has jurisdiction over the parties and subject matter of this proceeding.
4. The Application was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
5. The restructuring of the holding company system proposed in the Application is not being contemplated to change or influence the ultimate control of the Domestic Insurer, and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
6. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re: : Pursuant to Sections 1401, 1402,  
: and 1403 of the Insurance  
Application of Lombard International US : Holding Companies Act, Article  
Holdings, Inc. Requesting Exemption : XIV of the Insurance Company  
from the Requirements of 40 P.S. : Law of 1921, Act of May 17, 1921,  
§991.1402 for the Restructuring of its : P.L. 682, as amended, 40 P.S.  
Holding Company System which includes : §§991.1401, 991.1402, and  
Lombard International Life Assurance : 991.1403  
Company :  
: Order No. ID-RC-18-15


**ORDER**

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania hereby makes the following Order:

An approving determination for the application of Lombard International US Holdings, Inc. requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of its holding company system which includes Lombard International Life Assurance Company, as set forth in the Application, is hereby granted.

This Order is effective immediately and valid for one year, provided there are no material changes to the representations provided in the application.



  
\_\_\_\_\_  
JOSEPH DIMEMMO  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation