

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402, and 1403 of the Insurance
Application of The Blackstone Group L.P.	:	Holding Companies Act, Article
Requesting Exemption from the	:	XIV of the Insurance Company
Requirements of 40 P.S. §991.1402 for the	:	Law of 1921, Act of May 17, 1921,
Restructuring of the Holding Company	:	P.L. 682, <u>as amended</u> , 40 P.S.
System which Includes Lombard	:	§§991.1401, 991.1402, and
International Life Assurance Company	:	991.1403
	:	
	:	Order No. ID-RC-19-03

DECISION AND ORDER

AND NOW, on this 29th day of April 2019, 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

PA Domestic Insurer

1. Lombard International Life Assurance Company (“LILAC”) 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. (“Lombard US”) is a business corporation organized pursuant to the laws of the State of Delaware. LILAC is a direct wholly-owned subsidiary of Lombard US.
3. LIA Holdings, Ltd. (“LIAH”) is a company organized pursuant to the laws of the Cayman Islands. Lombard US 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”), an exempted limited liability company organized pursuant to the laws of the Cayman Islands, is the general partner of BTO LIAH.
6. Blackstone Tactical Opportunities Management Associates (Cayman) L.P. (“BTO Management”), an exempted limited partnership organized pursuant to the laws of the Cayman Islands, is the managing member of Cayman Manager.
7. Blackstone Tactical Opportunities LR Associates (Cayman) Ltd. (“BTO LR”), an exempted company organized pursuant to the laws of the Cayman Islands, 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 limited partnership organized pursuant to the laws of Canada, owns all of the Class A 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 partnership 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 LP”), a 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 Partners L.L.C. (“Blackstone Partners”), a limited liability company organized pursuant to the laws of the State of Delaware, controls the non-

economic limited partnership interests of Blackstone LP., while the common units of economic limited partnership interests of Blackstone LP are publicly traded.

14. 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 LP.
15. Stephen A. Schwarzman (“Mr. Schwarzman”) is an individual with his principal place of business in New York, New York. Mr. Schwarzman controls Blackstone Partners and Blackstone Group Management.
16. Cayman Manager, BTO Management, BTO LR, BTO GP, Blackstone Holdings III, Blackstone Holdings III GP, Blackstone Holdings III GP Management, Blackstone LP, Blackstone Group Management and Mr. Schwarzman are the “Delegating Persons”.
17. Menes O. Chee (“Mr. Chee”) is an individual with his principal place of business in New York, New York.
18. Andrea Valeri (“Mr. Valeri”) is an individual with his principal place of business in London, United Kingdom.
19. Messrs. Chee and Valeri are the “Investment Committee Members”.
20. 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 its subsidiaries, which includes LILAC, to the Investment Committee Members.
21. The Investment Committee Members are the ultimate controlling persons of LILAC.

Filing of the Application

22. On March 20, 2019, 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 Blackstone LP for approval to restructure the insurance holding company system, which includes LILAC.
23. 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.

24. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
25. 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

26. As described in the Application, Blackstone LP proposes to convert itself from a Delaware limited partnership to a Delaware corporation pursuant to the Delaware Revised Uniform Limited Partnership Act and the General Corporation Law of the State of Delaware (the "Conversion").
27. As described in the Application, upon completion of the Conversion, Blackstone LP will change its company name to The Blackstone Group Inc. ("Blackstone Inc.").
28. As described in the Application, pursuant to the Conversion, the units of limited partnership interests in Blackstone LP would be converted into two classes of common stock of Blackstone Inc. with identical economic and limited voting rights that each of the respective classes of limited partners have in Blackstone LP today.
29. As described in the Application, pursuant to the Conversion, the common units of limited partnership interests in Blackstone LP which are publicly traded and currently contain 100% of the economic interest of Blackstone LP would be converted into Class A common stock in Blackstone Inc., which will also be publicly traded and contain 100% of the economic interest of Blackstone Inc.
30. As described in the Application, pursuant to the Conversion, the non-economic units of limited partnership interests in Blackstone LP would be converted into Class B common stock in Blackstone Inc.
31. As described in the Application, pursuant to the Conversion, the general partnership interests in Blackstone LP currently held by Blackstone Group Management would be converted into one share of Class C common stock of Blackstone Inc. The Class C common stock would have no economic rights in Blackstone Inc. and would be the only class of common stock generally entitled to vote on matters submitted to a vote of the stockholders of Blackstone Inc.

32. As described in the Application, upon completion of the Conversion, Blackstone Inc. would replace Blackstone LP as one of the Delegating Persons and would become party to the Joint Investment Committee Agreement.
33. As described in the Application, upon completion of the Conversion, the Investment Committee Members will remain as the ultimate controlling persons of LILAC.
34. The Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) has delegated to the Deputy Commissioner the authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer.
35. The Deputy Commissioner finds that the transaction described in the Application would not have the effect of changing or influencing the control of a domestic insurer.
36. 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 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 LILAC, 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.

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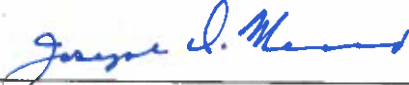
ORDER

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 The Blackstone Group L.P. requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of the insurance holding company system that 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