

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402
	:	and 1403 of the Insurance Holding
Application of Nassau Life Insurance	:	Companies Act, Article XIV of the
Company of Texas in Support of the	:	Insurance Company Law of 1921, Act
Request for Approval to Acquire Control	:	of May 17, 1921, P. L. 682, <u>as</u>
of Pennsylvania Life Insurance Company	:	<u>amended</u> , 40 P.S. §§991.1401,
and for Exemption from the	:	991.1402 and 991.1403
Requirements of 40 P.S. §991.1402 for	:	
the Post-Acquisition Merger of	:	
Pennsylvania Life Insurance Company	:	
with and into Nassau Life Insurance	:	
Company of Texas	:	Order No. ID-RC-19-13

**DECISION AND ORDER**

AND NOW, on this 25<sup>th</sup> day of September, 2019, Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania (“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 Commissioner hereby makes the following findings of fact:

**FINDINGS OF FACT**

**Identity of Parties**

Identity of PA Domestic Insurer

1. Pennsylvania Life Insurance Company (“PA Life”) is a domestic stock life insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Solon, Ohio.

2. UAC Holding, Inc. (“UAC”) is an insurance holding company organized pursuant to the laws of Delaware with its principal place of business in Woonsocket, Rhode Island. UAC currently directly holds 100% of the issued and outstanding stock of PA Life.
3. CVS Pharmacy, Inc. (“CVS Pharmacy”) is a business corporation organized pursuant to the laws of Rhode Island with its principal place of business in Woonsocket, Rhode Island. CVS Pharmacy currently indirectly holds 100% of the issued and outstanding stock of UAC.
4. CVS Health Corporation (“CVS Health”) is a publicly traded company organized pursuant to the laws of Delaware with its principal place of business in Woonsocket, Rhode Island. CVS currently directly holds 100% of the issued and outstanding stock of CVS Pharmacy.
5. No entity controls CVS Health.

Identity of Applicant

6. Nassau Life Insurance Company of Texas (“NLIC”) (f/k/a Constitution Life Insurance Company) is a foreign stock life insurance company organized pursuant to the laws of Texas with its principal place of business in Lake Mary, Florida.
7. Golden Gate Private Equity, Inc. (“Golden Gate”) is a business corporation organized pursuant to the laws of Delaware with its principal place of business in San Francisco, California. Golden Gate indirectly controls NLIC.
8. GGCOF Management, LLC (“GGCOF”) is a limited liability company organized pursuant to the laws of Delaware with its principal place of business in San Francisco, California. GGCOF owns 100% of the issued and outstanding shares of Golden Gate.
9. David Dominik (“Mr. Dominik”) is an individual with his principal place of business in San Francisco, California. Mr. Dominik is the sole member of GGCOF.
10. Mr. Dominik is the sole ultimate controlling person of NLIC.

**Filing of the Application**

11. On April 2, 2019, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an application (which together with all material received subsequently is hereinafter referenced as “Application”) from NLIC requesting approval to acquire control of PA Life and to immediately merge it with and into NLIC.

12. 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 changes of control of domestic insurers must be filed with the Commissioner for approval or disapproval.
13. The Application was filed with the Department pursuant to Section 1402 of the Insurance Holding Companies Act.

#### **Department Procedures**

14. On April 13, 2019, the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by NLIC and such notice invited interested persons to submit comments to the Department regarding the Application for thirty (30) days following the date of the publication (“Comment Period”).
15. The Department received no comments regarding the Application during the Comment Period.

#### **Description of the Proposed Acquisition**

16. As described in the Application, on January 14, 2019, CVS Pharmacy, UAC and NLIC entered into a Stock Purchase and Sale Agreement (“the SPSA”).
17. As described in the Application and pursuant to the SPSA, NLIC intends to purchase 100% of the issued and outstanding shares of PA Life from UAC (“the Acquisition”).
18. As described in the Application, the source of funds would be from cash on hand.
19. As described in the Application and subsequent to the Acquisition, NLIC would directly control 100% of the issued and outstanding stock of PA Life.
20. As described in the Application, Mr. Dominik would become the sole ultimate controlling person of PA Life as a result of the Acquisition.

#### **Description of the Post-Acquisition Merger**

21. As described in the Application, immediately following consummation of the Acquisition, NLIC will cause PA Life to be merged with and into NLIC.
22. As described in the Application, a Plan of Merger (“Merger Agreement”) was drafted on March 29, 2019.

23. The Merger Agreement provides for PA Life to merge with and into NLIC, with NLIC being the surviving corporation.
24. As described in the Application, upon the effective date of the merger, NLIC shall acquire all of the assets of PA Life and assume all of the debts and other liabilities of PA Life.
25. As described in the Application, the articles of incorporation and bylaws of NLIC in effect immediately prior to the merger shall be the articles of incorporation and bylaws of NLIC upon the effective date of the merger.
26. As described in the Application, the members of the board of directors and the officers of NLIC prior to the merger shall be the members of the board of directors and the officers of NLIC after the merger.
27. As described in the Application, each share of PA Life common stock issued and outstanding immediately prior to the effective date of the merger shall be cancelled and extinguished without consideration.
28. As described in the Application, Mr. Dominik will remain the sole ultimate controlling person of NLIC upon the effective date of the merger.
29. The post-acquisition merger is not being made or entered into for the purpose of, and will not have the effect of, changing or influencing to control of PA Life.

#### **Department's Approval of the Acquisition**

30. Section 1402(f)(1) of the Insurance Holding Companies Act establishes the standards for approval of an application for a change in control of a domestic insurer.
31. An application for a change in control must be approved unless the Department finds any one of certain enumerated conditions to be present.

#### **Licensing Requirements**

32. When analyzing an application for change in control under Section 1402 of the Insurance Holding Companies Act, the Commissioner reviews the requirements for continued licensure of the domestic insurer being acquired.
33. The classes of insurance for which an insurance company may be incorporated and become licensed to write are set out in Section 202 of the Insurance Company Law (40 P.S. §382).

34. The minimum paid up capital stock and paid in surplus required of a stock insurer for each class of insurance is set out in Section 206 of the Insurance Company Law (40 P.S. §386).
35. In accordance with Section 206 of the Insurance Company Law (40 P.S. §386), PA Life is required to maintain a minimum paid up capital stock of \$1,100,000 to write the classes of insurance for which it is presently licensed.
36. In accordance with Section 206 of the Insurance Company Law (40 P.S. §386), PA Life is required to maintain a minimum paid in surplus of \$550,000 to write the classes of insurance for which it is presently licensed.
37. Upon completion of the Acquisition, PA Life will have paid up capital stock in an amount that will satisfy the minimum required of a life insurance company licensed to write the classes of authority currently held by PA Life.
38. Upon completion of the Acquisition, PA Life will have paid in surplus in an amount that will satisfy the minimum required of a life insurance company licensed to write the classes of authority currently held by PA Life.

#### Competitive Impact

39. The acquisition of control of a Pennsylvania domiciled insurer is subject to review and analysis under Section 1402(f)(1)(ii) of the Insurance Holding Companies Act to determine whether the effect of the acquisition of control would be to substantially lessen competition in this Commonwealth or tend to create a monopoly therein, as per 40 P.S. §991.1402(f)(1)(ii) (the “competitive standard”).
40. In applying the competitive standard, the informational requirements of Section 1403(c)(2) and the standards of Section 1403(d)(2) are applicable.
41. The proposed acquisition of control qualifies for the exemptions set forth in Section 1403(b)(2)(v)(A)-(C) of the Insurance Holding Companies Act for all lines of business as contained in the annual statement required to be filed by insurers licensed to do business in this Commonwealth.
42. The acquisition of control of PA Life will not lessen competition or tend to create a monopoly in the Commonwealth because the market shares of NLIC and its insurance company affiliates licensed to transact the business of insurance in Pennsylvania and the market shares of PA Life, do not exceed the market share levels established in Section 1403 of the Insurance Holding Companies Act.

### Financial Condition of Applicant

43. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the financial condition of the acquiring person(s).
44. The Department has reviewed the financial information submitted by NLIC and Mr. Dominik.
45. The financial condition of NLIC and Mr. Dominik would not pose any impediments to the change in control nor jeopardize the financial condition of PA Life.

### Plans for the Acquired Insurer

46. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the plans or proposals which the acquiring party has for the insurer.
47. In particular, the Department reviewed the plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, to determine whether it is:
  - a. Unfair or unreasonable;
  - b. Fails to confer a benefit upon policyholders; or
  - c. Not in the public interest.
48. As stated in the Application, NLIC plans to merge with PA Life immediately upon completion of the Acquisition, with NLIC as the survivor of the merger.
49. There is no basis in the record from which it may be concluded that the plans or proposals which the acquiring party has for the insurer are unfair or unreasonable or fails to confer a benefit upon policyholders or are not in the public interest.

### Management

50. When analyzing an application for an acquisition of control under Section 1402 of the Insurance Holding Companies Act, the Department reviews the competence, experience and integrity of the persons who will control the operations of the acquired insurer.

51. Biographical affidavits for all of the officers and directors of NLIC and for Mr. Dominik were reviewed by the Department.
52. The Department is satisfied that the persons who would control the operations of PA Life have such competence, experience and integrity that the interests of policyholders and the public would not be jeopardized.

Hazardous or Prejudicial to Insurance Buying Public

53. When analyzing an application for an acquisition of control involving a domestic insurer under Section 1402 of the Insurance Holding Companies Act, the Department evaluates whether the merger, consolidation or other acquisition of control is likely to be hazardous or prejudicial to the insurance buying public.
54. There is insufficient evidence in the record from which it may be concluded that the acquisition will likely be hazardous or prejudicial to the insurance buying public.

Compliance with the Pennsylvania Laws

55. When analyzing an application for an acquisition of control involving a domestic insurer under Section 1402 of the Insurance Holding Companies Act, the Department reviews the transaction to determine whether the merger, consolidation or other acquisition of control is not in compliance with the laws of this Commonwealth, including Article VIII-A.
56. The Department has evaluated the transaction as set forth by the Application as to whether it is in compliance with the laws of Pennsylvania.

**Exemption Request for the Post-Acquisition Merger**

57. The Application includes a request from NLIC for exemption from the requirements of 40 P.S. §991.1402 for the post-acquisition merger of PA Life with and into NLIC.
58. 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.
59. As described in the Application, Mr. Dominik will become the sole ultimate controlling person of PA Life prior to the merger and will remain the sole ultimate controlling

person of NLIC after the merger.

60. The Commissioner finds that the post-acquisition merger described in the Application would not have the effect of changing or influencing the control of a Pennsylvania domiciled insurer.

### **General**

61. 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 change in control of PA Life.
2. Under Section 1402 of the Insurance Holding Companies Act, the Department must approve an application for a change in control unless the Department has found that:
  - a) The insurer will not be able to satisfy the requirements for the issuance of a license to operate the line or lines of business for which they are presently licensed;
  - b) The change in control will substantially lessen competition in insurance in this Commonwealth or tend to create a monopoly therein;
  - c) The financial condition of the acquiring company is such as might jeopardize the financial stability of the insurer or prejudice the interests of its policyholders;
  - d) Any plans to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make material changes in its business or corporate structure or management are unfair and unreasonable to policyholders of the insurers and not in the public interest;
  - e) The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders and the general public to permit the acquisition of control;
  - f) The acquisition is likely to be hazardous or prejudicial to the insurance buying public; or,



- g) The acquisition of control is not in compliance with the laws of this Commonwealth, including Article VIII-A, Insurance Company Mutual-to-Stock Conversion Act.
- 3. Under Section 1402 of the Insurance Holding Companies Act, the Commissioner has not found that any of the above conditions are present with respect to the change in control of PA Life.
- 4. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the merger of PA Life with and into NLIC.
- 5. Under Section 1402(g) of the Insurance Holding Companies Act, the Department shall exempt a merger from the requirements of Section 1402 if the merger does not have the effect of changing or influencing the control of a domestic insurer.
- 6. Pursuant to Section 1402(g) of the Insurance Holding Companies Act, the Commissioner concludes that the proposed merger does not change the ultimate controlling person of the parties to the merger and, therefore, is exempt from the requirements of the Insurance Holding Companies Act.
- 7. 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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Requirements of 40 P.S. §991.1402 for	:	
the Post-Acquisition Merger of	:	
Pennsylvania Life Insurance Company	:	
with and into Nassau Life Insurance	:	
Company of Texas	:	Order No. ID-RC-19-13

**ORDER**

Upon consideration of the foregoing, the Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”) hereby makes the following Order:

1. The application of Nassau Life Insurance Company of Texas (“NLIC”) in support of the request for approval to acquire control of Pennsylvania Life Insurance Company (“PA Life”) as set forth in the application, is hereby approved, subject to this Order and the following condition:
  - a. NLIC shall provide to the Department a list of closing documents within five (5) days after consummation of the subject transaction and shall maintain the listed documents and make them available to the Department for a period of not less than five (5) years from the date of consummation.
2. An approving determination for the application of NLIC requesting exemption from the requirements of 40 P.S. §991.1402 for the post-acquisition merger of PA Life with and into NLIC, as set forth in the Application, is hereby granted, subject to this Order and the following conditions:

- a. NLIC shall submit any changes made to the draft Plan of Merger provided with the Application to the Department prior to the execution of the changed document.
- b. An approving determination must be granted by the Texas Department of Insurance (“TDI”) before the Statement of Merger is filed with the Pennsylvania Department of State (“DOS”). A certified copy of the TDI approval shall be provided to the Commissioner within five (5) business days of receipt by NLIC.
- c. NLIC shall file a copy of the Statement of Merger, as filed with and stamped as received by the DOS, with the Insurance Commissioner within ten (10) days of receipt from the DOS.

This Order is effective immediately and valid for one (1) year, provided no material changes are made to the transaction prior to consummation. This one-year limitation does not apply to any conditions prescribed by the Department in the Order.



*Jessica K. Altman*  
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Jessica K. Altman  
Insurance Commissioner  
Commonwealth of Pennsylvania