

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Delaware Life Insurance	:	Holding Companies Act, Article
Company and Lackawanna Casualty	:	XIV of the Insurance Company
Company Requesting Exemption from the	:	Law of 1921, Act of May 17, 1921,
Requirements of 40 P.S. §991.1402 for	:	P.L. 682, <u>as amended</u> , 40 P.S.
Delaware Life Insurance Company to	:	§§991.1401, 991.1402, and
Contribute its Percentage of Direct	:	991.1403
Ownership Interest of Lackawanna	:	
American Insurance Company and	:	
Lackawanna National Insurance Company	:	
to Lackawanna Casualty Company	:	Order No. ID-RC-19-18

DECISION AND ORDER

AND NOW, on this 26<sup>th</sup> day of November, 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**

1. Lackawanna American Insurance Company (“LAIC”) is a domestic stock casualty insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Wilkes-Barre, Pennsylvania.

2. Lackawanna National Insurance Company (“LNIC”) is a domestic stock casualty insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Wilkes-Barre, Pennsylvania.
3. Lackawanna Casualty Company (“LCC”) is a domestic stock casualty insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Wilkes-Barre, Pennsylvania. LCC currently holds 7,000 shares (100%) of Class A stock of each of LAIC and LNIC, representing 95.9% voting control of each of LAIC and LNIC.
4. Delaware Life Insurance Company (“DLIC”) is a foreign stock life insurance company organized pursuant to the laws of Delaware with its principal place of business in Waltham, Massachusetts. DLIC currently directly holds 100% of the issued and outstanding Class A and Class B stock of LCC and 3,000 shares (100%) of the Class B stock of each of LAIC and LNIC, representing 4.1% voting control of each of LAIC and LNIC.
5. DLICM, LLC is a limited liability company organized pursuant to the laws of Delaware with its principal place of business in Chicago, Illinois. DLICM, LLC currently indirectly holds 91.89% of the issued and outstanding stock of DLIC.
6. Mark R. Walter (“Mr. Walter”) is an individual with his principal place of business in Chicago, Illinois. Mr. Walter currently directly controls 100% of the voting securities of DLICM, LLC.
7. Mr. Walter is the sole ultimate controlling person of LCC, LAIC and LNIC.

#### **Filing of the Application**

8. On October 25, 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 “the Application”) from DLIC and LCC for approval for DLIC to contribute its direct ownership interest of LAIC and LNIC to LCC.
9. 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.
10. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

11. 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**

12. As described in the Application, DLIC will contribute 100% of the issued and outstanding shares of Class B stock of LAIC and LNIC to LCC (the "Contribution").
13. As described in the Application and subsequent to the Contribution, LCC will directly hold 100% of the issued and outstanding Class A stock and Class B stock of LAIC and LNIC.
14. As described in the Application and subsequent to the Contribution, Mr. Walter will remain as the ultimate controlling person of LCC, LAIC and LNIC.
15. 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.
16. 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.
17. 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 Contribution as proposed in the Application is not being contemplated to change or influence the ultimate control of LAIC and LNIC, 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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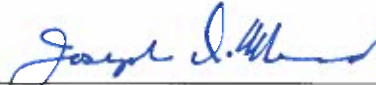
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Contribute its Percentage of Direct : 991.1403  
Ownership Interest of Lackawanna :  
America Insurance Company and :  
Lackawanna National Insurance Company :  
to Lackawanna Casualty Company : Order No. ID-RC-19-18

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 Delaware Life Insurance Company and Lackawanna Casualty Company requesting exemption from the requirements of 40 P.S. §991.1402 for Delaware Life Insurance Company to contribute its direct ownership interest in Lackawanna America Insurance Company and Lackawanna National Insurance Company to Lackawanna Casualty 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.

  
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JOSEPH DIMEMMO  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation