

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402
	:	and 1403 of the Insurance Holding
Application of Pillar Insurance LLC in	:	Companies Act, Article XIV of the
Support of the Request for Approval to	:	Insurance Company Law of 1921, Act
Acquire Control of Continental Life	:	of May 17, 1921, P. L. 682, <u>as</u>
Insurance Company	:	<u>amended</u> , 40 P.S. §§991.1401,
	:	991.1402 and 991.1403
	:	
	:	Order No. ID-RC-20-24

**DECISION AND ORDER**

AND NOW, on this 22nd day of December, 2020, 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. Continental Life Insurance Company (“CLIC”) is a domestic stock life insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Dallas, Texas.
2. American Benefit Life Insurance Company (“ABLIC”) is a foreign stock life insurance company organized pursuant to the laws of Oklahoma with its principal place of business in Dallas, Texas. ABLIC currently directly holds 100% of the issued and outstanding stock of CLIC.

### Identity of Applicant

3. Pillar Insurance LLC (“Pillar”), is a newly-formed limited liability company organized pursuant to the laws of Delaware with its principal place of business in New York, New York.
4. Wilfred Romero (“Mr. Romero”) is an individual with his principal place of business in Chatham, New Jersey. Mr. Romero holds approximately 33% of the voting membership interests of Pillar.
5. Adam Litke (“Mr. Litke”) is an individual with his principal place of business in Pleasanton, CA. Mr. Litke holds approximately 22% of the voting membership interests of Pillar.
6. Robert Kiesel (“Mr. Kiesel”) is an individual with his principal place of business in Chappaqua, NY. Mr. Kiesel holds approximately 22% of the voting membership interests of Pillar.
7. John Ganter (“Mr. Ganter”) is an individual with his principal place of business in Peachtree Corners, GA. Mr. Ganter holds approximately 22% of the voting membership interests of Pillar.
8. Messrs. Romero, Litke, Kiesel and Ganter are collectively hereinafter referenced as the Controlling Persons.

### **Acquisition Filing**

9. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1922, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. (“Insurance Holding Companies Act”), provides that all changes in control of domestic insurers must be filed with the Commissioner for approval or disapproval.
10. On October 5, 2020, 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 Pillar for approval to acquire control of CLIC.
11. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

### **Department Procedures**

12. On October 31, 2020, the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by Pillar 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”).

13. The Department received no comments regarding the Application during the Comment Period.

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

14. As described in the Application, on August 12, 2020, Pillar and ABLIC entered into a Stock Purchase Agreement (the “Agreement”).
15. As described in the Application and pursuant to the Agreement, Pillar intends to purchase 100% of the issued and outstanding stock of CLIC from ABLIC (“the Acquisition”).
16. As described in the Application, the source of funds would be from cash on hand and available funds.
17. As described in the Application and subsequent to the Acquisition, Pillar would directly control 100% of the issued and outstanding stock of CLIC.
18. As described in the Application, the Controlling Persons would become the ultimate controlling persons of CLIC as a result of the Acquisition.

#### **Standards for Review**

19. 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.
20. 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

21. 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.
22. Specifically, the Department reviews whether the domestic insurer would be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed after the acquisition.
23. 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).

24. 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).
25. In accordance with Section 206 of the Insurance Company Law (40 P.S. §386), CLIC is required to maintain a minimum paid up capital stock of \$1,100,000 and a minimum paid in surplus of \$550,000 to write the lines of insurance for which it is presently licensed.
26. Upon completion of the Acquisition, CLIC will have the statutory minimum paid up capital stock and paid in surplus to satisfy the requirements to write the lines of insurance for which it is presently licensed.

#### Competitive Impact

27. 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”).
28. In applying the competitive standard, the informational requirements of Section 1403(c)(2) and the standards of Section 1403(d)(2) are applicable.
29. 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.
30. The acquisition of control of CLIC will not lessen competition or tend to create a monopoly in the Commonwealth because there is no increase in market shares as a result of the Acquisition.

#### Financial Condition of Applicant

31. 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).
32. The Department has reviewed the financial information submitted by Pillar and the Controlling Persons.

33. The financial condition of Pillar and the Controlling Persons would not pose any impediments to the change in control nor jeopardize the financial condition of CLIC.

Plans for the Acquired Insurer

34. 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.
35. 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.
36. As stated in the Application, all in-force policies originally written by CLIC have been assumed by ABLIC, effective December 31, 2018.
37. As stated in the Application, CLIC will be renamed "Pillar Life Insurance Company."
38. As stated in the Application, Pillar will replace CLIC's board of directors and executive officers immediately following the Acquisition.
39. As stated in the Application, Pillar anticipates certain operations of CLIC, such as human resources, payroll, finance and accounting, may be integrated with Pillar's existing operations following the Acquisition. Pillar will file all necessary intercompany agreements to which CLIC will be a party under the applicable holding company regulations.
40. As stated in the Application, Pillar has no future plans to cause CLIC to declare an extraordinary dividend, to liquidate CLIC, to sell its assets to or merge it with any person or persons.
41. 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

42. 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.
43. Biographical affidavits for all of the officers and directors of Pillar were reviewed by the Department.
44. Biographical affidavits for the Controlling Persons were reviewed by the Department.
45. Biographical affidavits for all of the proposed new executive officers and directors of CLIC were reviewed by the Department.
46. The Department is satisfied that the persons who would control the operations of CLIC 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

47. 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.
48. 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

49. 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.
50. The Department has evaluated the transaction as set forth by the Application as to whether it is in compliance with the laws of Pennsylvania.
51. 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 CLIC.
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 CLIC.
4. 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 No. ID-RC-20-24

**ORDER**

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


1. The application of Pillar Insurance LLC (“Pillar”) in support of the request for approval to acquire control of Continental Life Insurance Company (“CLIC”) as set forth in the application, is hereby approved, subject to this Order and the following condition:
  - a) Pillar 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.
  - b) For three (3) years following the effective date of the acquisition, CLIC will be prohibited from declaring or paying any dividends, returns of capital or any other type of distributions, without the prior approval of the Commissioner, unless said distribution has been approved by the Department as a transaction between affiliates filed under 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.
  - c) For a period of three (3) years after the effective date of the subject transaction, CLIC shall not voluntarily withdraw any certificate of authority to engage in the insurance business in the Commonwealth of Pennsylvania without the prior written approval of the Department.



- d) For a period of three (3) years after the effective date of the subject transaction, CLIC shall not attempt to redomesticate to another jurisdiction.
2. The request from Pillar to change the name of CLIC to “Pillar Life Insurance Company” is hereby approved, subject to the filing of amended and restated articles of incorporation with the Secretary of the Commonwealth.

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.



  
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Jessica K. Altman  
Insurance Commissioner  
Commonwealth of Pennsylvania