

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of Lackawanna American	:	Holding Companies Act, Article
Insurance Company, Lackawanna	:	XIV of the Insurance Company
Casualty Insurance Company and	:	Law of 1921, Act of May 17, 1921,
Lackawanna National Insurance Company	:	P.L. 682, <u>as amended</u> , 40 P.S.
Requesting Exemption from the	:	§§991.1401, 991.1402, and
Requirements of 40 P.S. §991.1402 for the	:	991.1403
Restructuring of their Holding Company	:	
System	:	Order No. ID-RC-21-07

DECISION AND ORDER

AND NOW, on this 23 day of March, 2021, Melissa L. Greiner, 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" and together with LAIC and LNIC the "Domestic Insurers") 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 directly holds 100% of the issued and outstanding stock 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 stock of LCC.
5. Group One Thousand One, LLC ("DLIC Holdings"), is a limited liability company organized pursuant to the laws of Delaware with its principal place of business in Indianapolis, Indiana. DLIC Holdings currently directly holds 100% of the issued and outstanding stock of DLIC.
6. Delaware Life Holdings Parent, LLC ("DLHP") is a holding company organized under the laws of Delaware with its principal place of business in Chicago, Illinois. DLHP currently directly holds 91.89% ("DLIC Holdings Unit Interests") of the issued and outstanding stock of DLIC Holdings.
7. Mark R. Walter ("Mr. Walter") is an individual with his primary business address in Chicago, Illinois. Mr. Walter currently indirectly holds the controlling membership interest in DLHP and is the ultimate controlling person of the Domestic Insurers.

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

8. On October 20, 2020, 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 the Domestic Insurers for approval to restructure their holding company system.
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, the restructuring will involve a series of transactions (the “Restructuring”) described as follows:
  - a. The following three intermediate Delaware domiciled limited liability companies will be formed and organized:
    - i. Group 1001, LLC (“G1001”), which will be wholly-owned by DLHP,
    - ii. Group 1001 Insurance Holdings, LLC (“Insurance Holdings”) which will be wholly-owned by G1001, and
    - iii. DLIC Sub-Holdings, LLC (“Sub-Holdings”) which will be wholly-owned by DLIC Holdings.
  - b. DLHP will contribute the DLIC Holdings Unit Interests to G1001,
  - c. Immediately thereafter, G1001 will contribute the DLIC Holdings Unit Interests to Insurance Holdings,
  - d. When timing appropriate, DLIC Holdings will contribute its holdings of Delaware Life and its other wholly-owned subsidiaries, including the Domestic Insurers, to Sub-Holdings.
- 13. As described in the Application, Mr. Walter would remain the ultimate controlling person of the Domestic Insurers following the Restructuring.
- 14. The Insurance Commissioner of the Commonwealth of Pennsylvania (“Insurance 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.
- 15. 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.
- 16. 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 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 Insurers, 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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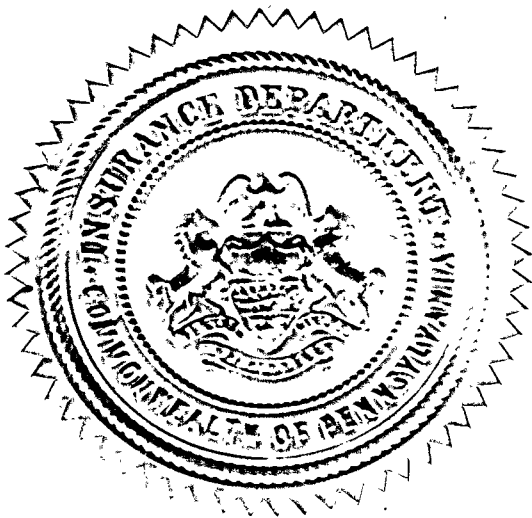
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ORDER

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 Lackawanna American Insurance Company, Lackawanna Casualty Insurance Company and Lackawanna National Insurance Company requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of their holding company system 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.



*Melissa L. Greiner*

MELISSA L. GREINER  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation