

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 Capital Holdings, : Companies Act, Article XIV of the
LLC and Elli Ausubel in Support of the : Insurance Company Law of 1921, Act
Request for Approval to Acquire Control : of May 17, 1921, P. L. 682, as
of Pillar Life Insurance Company : amended, 40 P.S. §§991.1401,
: 991.1402 and 991.1403
:
: Order No. ID-RC-23-09

DECISION AND ORDER

AND NOW, on this 20th day of December, 2023, Michael Humphreys, 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. Pillar Life Insurance Company (“PLIC”) is a domestic stock life insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Lawton, Oklahoma.
2. Pillar Insurance LLC (“PI”) is a limited liability company organized pursuant to the laws of Delaware with its principal place of business in Lawton, Oklahoma. PI currently directly holds 100% of the issued and outstanding stock of PLIC. PI, as an LLC, has four membership classes: A, B, C, and D. There are 10,000,000 units of each class issued, for a total of 40,000,000 units. Class A, B and C are non-voting profit

participation interests, and Class D are voting and profit participation interests. Accordingly, there are 10,000,000 voting units of PI issued and 30,000,000 non-voting units of PI issued.

3. Pillar Capital Holdings, LLC (“PCH”) is a limited liability company organized pursuant to the laws of Delaware with its principal place of business in Lawton, Oklahoma. PCH is owned at 49.50% by Uriel Cohen and family; 41.00% by EMT Action Fund and 9.50% by Mr. Elli Ausubel (“Mr. Ausubel”) and family. PCH currently directly holds 10,000,000 of shares of Class A and 10,000,000 shares of Class C of PI. Accordingly, PCH directly owns an aggregate of 20,000,000 non-voting units of PI.
4. Wilfred Romero (“Mr. Romero”) is an individual with his principal place of business in Lawton, Oklahoma. Mr. Romero currently directly holds 3,333,333 shares (33.33%) of the class D voting membership interests of PI and 2,500,000 shares of class B non-voting profit participation interests.
5. John Ganter (“Mr. Ganter”) is an individual with his principal place of business in Lawton, Oklahoma. Mr. Ganter currently directly holds 2,222,222 shares (22.22%) of the class D voting membership interests of PI and 2,500,000 shares of class B non-voting profit participation interests.
6. Robert Kiesel (“Mr. Kiesel”) is an individual with his principal place of business in Lawton, Oklahoma. Mr. Kiesel currently directly holds 2,222,222 shares (22.22%) of the class D voting membership interests of PI and 2,500,000 shares of class B non-voting profit participation interests.
7. Adam Litke (“Mr. Litke”) is an individual with his principal place of business in Lawton, Oklahoma. Mr. Litke currently directly holds 2,222,222 shares (22.22%) of the class D voting membership interests of PI and 2,500,000 shares of class B non-voting profit participation interests.

Identity of Applicants

8. PCH, as identified in paragraph 3, directly owns an aggregate of 20,000,000 non-voting units of PI, and is an applicant of this transaction.
9. Mr. Ausubel is an individual with his principal place of business in New York, New York. Mr. Ausubel is an applicant to this transaction and currently is the manager and

sole voting member of PCH, and thereby will become controlling person of domestic insurer PLIC.

Acquisition Filing

10. 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.
11. On May 19, 2023, the Pennsylvania Insurance Department (“Department”) received an application (which together with all material received subsequently is hereinafter referenced as “Application”) from PCH and Mr. Ausubel (together, the Applicants), for approval to acquire control of PLIC.
12. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

Department Procedures

13. On June 10, 2023, the Department published notice of the application in the *Pennsylvania Bulletin* advising interested persons of the ability to submit comments to the Department regarding the Application for thirty (30) days following the date of the publication (“Comment Period”).
14. The Department received no comments regarding the Application during the Comment Period.

Description of the Proposed Acquisition

15. As described in the Application, on March 8, 2023, the class D members of PI voted to amend the operating agreement of PI (“the Agreement”).
16. As described in the Application and pursuant to the Agreement, PI will convert their class A and class C non-voting membership interests to voting membership interests (“the Conversion”).
17. As described in the Application, no cash consideration will be paid or received by any party to the Agreement. In consideration for the voting interests, Mr. Ausubel has committed to provide capital and managerial support to PI, PLIC and subsidiaries in support of growth initiatives.

18. As described in the Application and subsequent to the Conversion, and in his role as Manager of PCH, Mr. Ausubel would indirectly hold 4.75% of the economic interest and control 66.66% of the voting membership interests of PI.
19. As described or inferred in the Application, Mr. Romero would directly hold and control 11.11% of the voting membership interests of PI and Mr. Ganter, Mr. Kiesel and Mr. Litke would directly hold and control 7.4% of the voting membership interests of PI.
20. As described in the Application, Mr. Ausubel would become, and Mr. Romero would remain as, the controlling persons of PLIC as a result of the Conversion.

Standards for Review

21. 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.
22. 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

23. 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.
24. 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.
25. 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).
26. 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).
27. In accordance with Section 206 of the Insurance Company Law (40 P.S. § 386), PLIC 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.

28. Upon completion of the Conversion, PLIC 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

29. 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”).
30. The acquisition of control of PLIC will not lessen competition or tend to create a monopoly in the Commonwealth because there will be no change to the market share of PLIC or its affiliates and there are no new insurers being added to the existing group.

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 PHC.
33. The financial condition of PHC would not pose any impediments to the change in control nor jeopardize the financial condition of PLIC.
34. The Department has reviewed the financial information submitted by Mr. Ausubel.
35. The financial condition of Mr. Ausubel would not pose any impediments to the change in control nor jeopardize the financial condition of PLIC.

Plans for the Acquired Insurer

36. 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.
37. 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.
38. As stated in the Application, PLIC has no future plans or proposals to declare any extraordinary dividend, to liquidate, to sell its assets, to merge or consolidate it with any person or persons or to change its corporate structure.
39. As stated in the Application, the board of directors and executive officers of PLIC will not be removed, but they will add two new directors with Mr. Ausubel being added as chairman of the board and Zvi Berko being added as an independent director.
40. 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

41. 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.
42. Biographical affidavits for all of the new officers and directors of PLIC were reviewed by the Department.
43. The Department is satisfied that the persons who would control the operations of PLIC 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

44. 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.
45. There is insufficient evidence in the record from which it may be concluded that the Conversion will likely be hazardous or prejudicial to the insurance buying public.

Compliance with the Pennsylvania Laws

46. 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.
47. The Department has evaluated the transaction as set forth by the Application as to whether it is in compliance with the laws of Pennsylvania.
48. 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 PLIC.
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 PLIC.
- 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

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

The application of Pillar Capital Holdings, LLC (PCH) and Elli Ausubel (“Mr. Ausubel”) (together the “Applicants”) in support of the request for approval to acquire control of Pillar Life Insurance Company, as set forth in the application, is hereby approved, subject to this Order and the following condition:

1. The applicants will comply with Pennsylvania insurance law, including:
 - a. The submission of complete Holding Company Act filing requirements for all affiliate transactions, unless specifically exempt.
 - b. All filings to the Department shall include copy of the comprehensive Form B and Form C filings, including all amendments.
 - c. Form D filings and non-disapprovals are required for all transactions with affiliates. No filing which discusses potential subcontracting with affiliates absent the identification, nature, scope, fee, and components of a Form D is considered to meet the standard prescribed by PA law for such subcontracting to proceed absent specific filing non-disapproval.

- d. Financial statements for Ultimate Controlling Persons should be filed in accordance with the requirements set forth in the Form B Appendix to Chapter 35 of Title 31 to the Pa. Code. An ultimate controlling person that is an individual may meet this requirement by filing a Certified Report or an Independent CPA Review Report in a manner acceptable to the Department.
 - e. Disclosure of all affiliate transactions and consideration exchanged including but not limited to any and all commission, brokerage, custodian and related fees to affiliates associated with investment activities is required.
 - f. Disclosure of any investment of the Domestic Insurer created, managed, or originated by any affiliated entity is to be disclosed annually and more frequently as may be required.
2. The Applicants will file with the Department all changes to the Investment Policy approved by the respective Board and any Derivative Usage Plan should the usage of derivatives be contemplated.
 3. The Applicants will not engage in the leasing or loaning of any assets that are not fully collateralized.
 4. The approval of the Form A does not constitute explicit or implicit approval or acceptance of the comprehensive identification of all investors with control interests of the domestic insurer. The Department may review and subsequently determine whether and to what extent other investors, including any which solely retain economic interest, may be subject to Form A or Form A exemption filing requirement. These may include the equity member owners of WBI, LP and White Bay Global, Inc.
 5. The approval of the Form A does not constitute explicit or implicit approval or acceptance of all corporate governance practices as detailed in the application documents, as meeting the regulatory standards. The Department may review and

subsequently discuss certain practices and determinations including the process by which independent directors are appointed to the board of the domestic insurer.

6. The approval of the Form A does not constitute explicit or implicit approval of any actions detailed within the provisions of the SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF PILLAR INSURANCE LLC to be taken without the express written approval of the Insurance Commissioner, non-disapproval, advance or subsequent notification, or other compliance obligations pursuant to Pennsylvania law and regulation.
7. The Applicants shall provide the Department with written confirmation of the consummation of the acquisition of control by the end of the month in which the acquisition takes place no later than 90 days after approval of this Form A filing. Further, the Applicants shall provide to the Department a list of closing documents within five business (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.
8. Following the effective date of the acquisition, Pillar Life Insurance Company (“PLIC”) 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. The applicant may petition the Department for release from this provision after two years following the date of consummation and provided the reserves of the Domestic Insurer are maintained at or above the actuary determined midpoint of the preceding December 31.


9. For a period of three (3) years after the effective date of the subject transaction, PLIC shall not attempt to redomesticate to another jurisdiction.

10. For a period of two (2) years after the effective date of the subject transaction, the Applicants shall provide written notice to the Department of any planned or proposed reductions in staff that would affect more than ten percent (10%) of the employees of PLIC.

11. If the Department determines that any individual for whom the Applicants are required to submit background information is unacceptable under Pennsylvania Law, the Applicants or their representatives, and the Domestic Insurer shall remove the individuals in question within 30 days of notice and replace them with a person or persons acceptable to the Department or shall undertake such other corrective action as directed by the Department. Failure to act would create a financially hazardous condition to the general public and subject the company to a Summary Order pursuant to 31 Pa. Code § 160.5.

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.





Michael Humphreys
Insurance Commissioner
Commonwealth of Pennsylvania