

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402
	:	and 1403 of the Insurance Holding
Application of AXL Wealth Acquisition,	:	Companies Act, Article XIV of the
LLC, AXL Wealth Group, LP,	:	Insurance Company Law of 1921, Act
BroadRiver 2021 LP, BR 2021 GP LLC,	:	of May 17, 1921, P. L. 682, <u>as</u>
Andrew Plevin and Philip Siller in	:	<u>amended</u> , 40 P.S. §§991.1401,
Support of the Request for Approval to	:	991.1402 and 991.1403
Acquire Control of Lombard	:	
International Life Assurance Company	:	Order No. ID-RC-23-10

DECISION AND ORDER

AND NOW, on this 8th day of November, 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. Lombard International Life Assurance Company (“LILAC”) is a domestic stock life insurance company organized pursuant to the laws of Pennsylvania with its principal place of business in Philadelphia, Pennsylvania.
2. Lombard International U.S. Holdings, Inc. (“Lombard US”) is a business corporation organized pursuant to the laws of the State of Delaware. Lombard US currently holds all of the issued and outstanding stock of LILAC.
3. LIA Holdings, Ltd. (“LIAH”) is a company organized pursuant to the laws of the United Kingdom. LIAH currently holds all of the issued and outstanding stock of Lombard US.

4. BTO LIA Holdings (Cayman), L.P. (“BTO LIAH”) is an exempted limited partnership organized pursuant to the laws of the Cayman Islands. BTO LIAH currently holds all of the issued and outstanding stock of LIAH.
5. BTO Holdings Cayman Manager L.L.C. (“Cayman Manager”), an exempted limited liability company organized pursuant to the laws of the Cayman Islands, is the general partner of BTO LIAH.
6. Blackstone Tactical Opportunities Management Associates (Cayman) L.P. (“BTO Management”), an exempted limited partnership organized pursuant to the laws of the Cayman Islands, is the managing member of Cayman Manager.
7. Blackstone Tactical Opportunities LR Associates (Cayman) Ltd. (“BTO LR”), an exempted company organized pursuant to the laws of the Cayman Islands, is one of the two general partners of BTO Management.
8. BTO GP L.L.C. (“BTO GP”), a limited liability company organized pursuant to the laws of the State of Delaware, is one of the two general partners of BTO Management.
9. Blackstone Holdings III L.P. (“Blackstone Holdings III”), a limited partnership organized pursuant to the laws of Canada, owns all of the Class A shares of BTO LR and is the sole member of BTO GP.
10. Blackstone Holdings III GP L.P. (“Blackstone Holdings III GP”), a limited partnership organized pursuant to the laws of the State of Delaware, is the general partner of Blackstone Holdings III.
11. Blackstone Holdings III GP Management L.L.C. (“Blackstone Holdings III GP Management”), a limited partnership organized pursuant to the laws of the State of Delaware, is the general partner of Blackstone Holdings III GP.
12. The Blackstone Group, Inc. (“Blackstone GI”), a limited partnership organized pursuant to the laws of the State of Delaware that is publicly traded on the New York Stock Exchange, is the sole member of Blackstone Holdings III GP Management.
13. Blackstone Partners L.L.C. (“Blackstone Partners”), a limited liability company organized pursuant to the laws of the State of Delaware, controls the non-economic limited partnership interests of Blackstone LP., while the common units of economic limited partnership interests of Blackstone LP are publicly traded.
14. Blackstone Group Management L.L.C. (“Blackstone Group Management”), a limited liability company organized pursuant to the laws of the State of Delaware, is the general partner of Blackstone LP.

15. Stephen A. Schwarzman (“Mr. Schwarzman”) is an individual with his principal place of business in New York, New York. Mr. Schwarzman controls Blackstone Partners and Blackstone Group Management.
16. Cayman Manager, BTO Management, BTO LR, BTO GP, Blackstone Holdings III, Blackstone Holdings III GP, Blackstone Holdings III GP Management, Blackstone GI, Blackstone Group Management and Mr. Schwarzman are the “Delegating Persons”.
17. Menes O. Chee (“Mr. Chee”) is an individual with his principal place of business in New York, New York.
18. Mr. Chee is currently the sole “Investment Committee Member”.
19. Pursuant to the terms of a Joint Investment Committee Agreement, effective June 30, 2015, the Delegating Persons delegated all of their respective powers and control to direct or cause the direction of the management and policies of LIAH with respect to its subsidiaries, which includes LILAC, to the Investment Committee Members.
20. The Investment Committee Members are the ultimate controlling persons of LILAC.

Identity of Applicant

21. AXL Wealth Acquisition, LLC (“AXL Acq”) 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.
22. AXL Wealth Group, LP (“AXL Group”) is a newly formed limited partnership organized pursuant to the laws of Delaware with its principal place of business in New York, New York. AXL Group currently holds all of the membership interests of AXL Acq.
23. BroadRiver 2021 LP (“BroadRiver”) is a limited partnership organized pursuant to the laws of Delaware with its principal place of business in New York, New York. BroadRiver currently is the general partner of AXL Group.
24. BR 2021 BP LLC (“BR 2021”) is a limited liability company organized pursuant to the laws of Delaware with its principal place of business in New York, New York. BR 2021 currently is the general partner of BroadRiver.
25. Andrew Plevin (“Mr. Plevin”) is an individual with his principal place of business in New York, New York.

26. Philip Siller (“Mr. Siller”) is an individual with his principal place of business in New York, New York. Mr. Plevin and Mr. Siller currently equally hold all of the membership interests of BR 2021.
27. AXL Acq, AXL Group, BroadRiver, BR 2021, Mr. Plevin and Mr. Siller, are collectively the “Applicants”.

Acquisition Filing

28. 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.
29. On September 16, 2022, 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 the Applicants for approval to acquire control of LILAC, followed by Amendment #1 on November 28, 2022, Amendment #2 on January 10, 2023, and Amendment #3 on October 9, 2023.
30. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

Department Procedures

31. On October 8, 2022, the Department published notice in the *Pennsylvania Bulletin* regarding the Application submitted by Lombard Wealth Acquisition, LLC (now known as AXL Acq) and the ability for the public to submit comments to the Department regarding the Application for thirty days following the date of the publication (“Comment Period”).
32. The Department received no comments regarding the Application during the Comment Period.

Description of the Proposed Acquisition

33. As described in the Application, on August 18, 2022, LIAH and AXL Acq entered into a Stock Purchase Agreement (“the Agreement”).
34. As described in the Application and pursuant to the Agreement, AXL Acq intends to purchase 100% of the issued and outstanding stock of LILAC from LIAH (“the Acquisition”).
35. As described in the Application, the source of funds would be from cash on hand.

36. As described in the Application and subsequent to the Acquisition, AXL Acq would directly hold 100% of the issued and outstanding stock of LILAC.
37. As described in the Application, Mr. Plevin and Mr. Siller would become the ultimate controlling persons of LILAC as a result of the Acquisition.

Standards for Review

38. 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.
39. 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

40. 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.
41. 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.
42. 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).
43. 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).
44. In accordance with Section 206 of the Insurance Company Law (40 P.S. §386), LILAC 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.
45. Upon completion of the Conversion, LILAC 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

46. 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”).
47. The acquisition of control of LILAC will not lessen competition or tend to create a monopoly in the Commonwealth because there will be no change to the market share.

Financial Condition of Applicant

48. 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 applicant(s).
49. The Department has reviewed the financial information submitted by the Applicants.
50. The financial condition of the Applicants would not pose any impediments to the change in control nor jeopardize the financial condition of LILAC.

Plans for the Acquired Insurer

51. 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.
52. As stated in the Application, the applicant has no plan 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.
53. As stated in the Application, the applicant 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.
54. As stated in the Application, the board of directors of LILAC will be removed and replaced, as identified in the Application, and the executive officers of LILAC will remain the same, except for the naming of a new chief executive officer, Michael Farrell.
55. LILAC will be required to change its name within 90 days after the closing of the Acquisition; however, a new name has not been identified to date.

56. 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

57. 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.
58. Biographical affidavits for the stated new officers and directors of LILAC, and all officers and directors of the Applicants were reviewed by the Department.
59. The Department's review of the Biographical affidavits submitted by the applicants did not identify any matter of material concern regarding individuals providing oversight of the Domestic Insurers to 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

60. 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.
61. 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

62. 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.
63. The Department has evaluated the transaction as set forth by the Application as to whether it is in compliance with the laws of Pennsylvania.
64. 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 LILAC.
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 LILAC.
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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International Life Assurance Company : Order No. ID-RC-23-10

ORDER

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

The application of AXL Wealth Acquisition, LLC, AXL Wealth Group, LP, BroadRiver 2021 LP, BR 2021 GP LLC, Andrew Plevin and Philip Siller (collectively referenced as the “Applicants”) in support of the request for approval to acquire control of Lombard International Life Assurance Company, as set forth in the application, is hereby approved, subject to this Order and the following conditions:

1. The Applicants’ request for approval of the Thomas Considine Service Agreement (“Considine Agreement”) regarding the proposed appointment of Mr. Considine to a multi-year and annually renewable term to hold the position of Independent Chairman of the Boards of Directors of Lombard PA, Bermuda, and Lombard NY and independent member of the Boards of Directors of Lombard US Holdings and Lombard Bermuda Holdings, and of such other boards of directors of the Company Group as may be requested by the Board, and shall perform the duties generally associated with such positions, is under separate review by the Department. Approval of the Form A does not

constitute explicit or implicit approval or acceptance of the Considine Agreement or of any transaction or agreements by the Applicants, its affiliates, or related parties which are contemplated, disclosed, or discussed in the Form A.

2. The Applicants request for SSAP 72R treatment Quasi-reorganization; Restatement of Surplus that would result in a restatement of the Domestic Insurer's unassigned funds (surplus) from \$(26,345,456) at its recent interim quarterly financial filing, to \$0, is under separate review by the Department. Approval of the Form A does not constitute explicit or implicit approval or acceptance of the SSAP 72R Quasi Reorganization request or of any transaction or agreements by the Applicants, its affiliates, or related parties which are contemplated, disclosed or discussed in the Form A.
3. Certain industry activities of writers of private placement life insurance, which include transactions of the Domestic Insurer, have been the subject of legislative inquiry. The Department seeks the Applicants to ensure the Department is timely kept apprised of any and all communications and developments on such matters, including requests received by the Domestic Insurer or any affiliate and the responses provided, including supporting exhibits, within thirty days of the exchange.
4. 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.
5. 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.
6. The Applicants will not engage in the leasing or loaning of any assets which are not fully collateralized.
7. 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, LILAC 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, LILAC shall not attempt to redomesticate to another jurisdiction.
10. For a period of two (2) years after the effective date of the subject transaction, LILAC shall not close or cease activity from corporate offices located in Philadelphia, PA, provided that LILAC may move to an office location in Pennsylvania within 50 miles of Philadelphia without such prior application or approval.
11. 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 LILAC principally located in Pennsylvania as of, or within six (6) months prior to, the effective date of the subject transaction. For purposes of this condition, as of any date, the ten percent (10%) threshold shall be determined based upon a rolling twelve (12) month period. Such notice, which shall specify the reasons for the reduction in force and include information regarding planned or proposed severance pay and relocation opportunity arrangements, shall be filed with the Department at least ninety (90) days prior to any such planned or proposed reductions. Notice shall not be required for “for cause” termination of an employee.

12. This Order is effective immediately and valid for ninety (90) days, provided no material changes are made to the transaction prior to consummation. This ninety-day limitation does not apply to any conditions prescribed by the Department in the Order.



A handwritten signature in blue ink, appearing to read "Michael Humphreys", is written over a horizontal line.

Michael Humphreys
Insurance Commissioner
Commonwealth of Pennsylvania