

DEC 05 2019

BEFORE THE DEPARTMENT OF INSURANCE  
STATE OF NEBRASKA

FILED

IN THE MATTER OF THE ACQUISITION )	
OF CONTROL OF LINCOLN BENEFIT )	
LIFE COMPANY )	FINDINGS OF FACT,
)	CONCLUSIONS OF LAW,
)	AND ORDER
)	
)	CAUSE NO. C-2545
)	

On August 7, 2019, a Form A Statement (the “Form A”) Regarding the Acquisition of Control (the “Acquisition of Control”) of Lincoln Benefit Life Company, a Nebraska domestic insurer (“LBL”), was filed with the Nebraska Department of Insurance (the “Department”) by Guaranty Income Life Insurance Company (“GILICO”), Kuvare US Holdings, Inc. (“Kuvare US”), Kuvare UK Holdings Limited (“Kuvare UK”), Kuvare Holdings LP, Kuvare GP Holdings LP, Kuvare GP Holdings Ltd. (“Kuvare GP”), Access Holdings GP LP, Access Holdings GP Company, ACP LI Holdings, LP, ACP LI Holdings GP Ltd., Mr. Dhiren Jhaveri, Mr. Kevin McAllister, and Mr. Jesse Rogers (collectively, the “Applicants”). The Form A was filed pursuant to the Nebraska Insurance Holding Company System Act, Neb. Rev. Stat. §§ 44-2120 to 41-2155. The Form A was supplemented by written correspondence submitted by the Applicants to the Department dated September 25, 2019 and October 22, 2019.

A Notice of Public Hearing regarding the Form A was issued on October 31, 2019. Applicants provided LBL with timely notice of the hearing as required pursuant to Neb. Rev. Stat. § 44-2127(2). On December 2, 2019, a public hearing was held at the Department’s offices located at 1135 M Street, Suite 300, Lincoln, Nebraska, 68508. Director of the Department, Bruce R. Ramage, presided over the hearing. Jane Malone, a registered professional reporter, was present and recorded the hearing.

The Department was present and represented by Matthew Holman, Deputy Director and General Counsel of the Department, and Justin Schrader, Chief Financial Examiner. Exhibits were offered by the Department and received into the record.

The Applicants presented testimony in favor of the Acquisition of Control through Dhiren Jhaveri, Executive Chairman and a member of the Board of Directors of GILICO and an individual applicant. Also present for the Applicants were David Goldberg, General Counsel and Secretary of Kuvare US, and Carlos Sierra, Chief Operating Officer of Kuvare US. Applicants were represented by Lawrence Harr, Lamson Dugan & Murray LLP, and Michael Rosenfield and Sara Africano, Sidley Austin LLP. Exhibits were offered by the Applicants and received into the record.

Present on behalf of LBL were Weldon Wilson, Chief Executive Officer, Mary Ellen Luning, President and Chief Risk Officer, and Joseph Rafson, Appointed Actuary. LBL was represented by Ann Frohman and Libby Szwaneck, Frohman Law Office LLC. No questions were asked of LBL and no representative of LBL testified.

Interested parties in attendance at the hearing were given the opportunity to testify in support of, opposition to, or a neutral capacity. No interested parties offered any testimony at the hearing.

On the basis of the filings, correspondence and information provided to the Department and the testimony and written evidence submitted at the hearing, the Director recommends approval of the Form A and finds, concludes, and recommends as follows:

#### FINDINGS OF FACT

1. On August 7, 2019, the Department received the Form A application submitted by the Applicants for approval to acquire control of LBL pursuant to a Stock Purchase Agreement, dated as of July 24, 2019 (the "Stock Purchase Agreement"), by and among RL LP, a

Bermuda limited partnership (“RL”). RL (Parallel) LP, a Bermuda exempted partnership (“RL (Parallel)” and together with RL, the “Sellers”) and GILICO. The Form A was filed pursuant to the Nebraska Insurance Holding Company System Act, Neb. Rev. Stat. § 44-2120 to 44-2155, specifically § 44-2126. A copy of the Form A was provided to LBL pursuant to Neb. Rev. Stat. § 44-2126(1) on or about August 7, 2019.

2. The Stock Purchase Agreement will result in the Applicants acquiring control of LBL, as such term is defined in the Nebraska Insurance Holding Company System Act.
3. LBL is an insurer organized under, and governed by, the laws of the State of Nebraska. LBL obtained its Certificate of Authority to transact the business of life and health insurance in the State of Nebraska on November 15, 1938. LBL is currently a stock-based insurance company and a direct wholly owned subsidiary of LBL HoldCo II, Inc., a Delaware corporation, which, in turn, is a wholly owned subsidiary of LBL HoldCo, Inc., a Delaware corporation.
4. The Applicants to the Form A are as follows:
  - a. GILICO, an Iowa-domiciled life insurance company and wholly owned subsidiary of Kuvare US;
  - b. Kuvare US, a Delaware corporation which was organized on September 11, 2015;
  - c. Kuvare UK, a United Kingdom company which was organized on September 17, 2015, and is a holding company for Kuvare US and its affiliated Bermuda reinsurer, Kuvare Life Re Ltd. (“Kuvare Life Re”);
  - d. Kuvare Holdings LP, a Cayman Islands exempted limited partnership which was organized on September 11, 2015, and owns all of the ownership interests of Kuvare UK;
  - e. Kuvare GP Holdings LP, a Cayman Islands exempted limited partnership which was organized on September 17, 2015, and acts as the general partner of Kuvare Holdings LP;

- f. Kuvare GP, a Cayman Islands exempted company which was organized on July 31, 2015, and acts as the general partner of Kuvare GP Holdings LP and is the ultimate controlling person within the Kuvare group;
  - g. Access Holdings GP Company, a Baltimore-based private investment firm founded in 2013;
  - h. Access Holdings GP LP, a Cayman Islands exempted limited partnership which was organized on March 7, 2013;
  - i. ACP LI Holdings, LP, a Cayman Islands exempted limited partnership, which was organized on March 24, 2016;
  - j. ACP LI Holdings GP Ltd., a Cayman Islands exempted company, which was organized on March 17, 2016;
  - k. Mr. Dhiren Jhaveri, a member of the Board of Directors of GILICO, Kuvare US, Kuvare UK and Kuvare GP, the Chief Executive Officer of Kuvare US, Kuvare Holdings LP, Kuvare GP Holdings LP and Kuvare GP, and the Executive Chairman of GILICO;
  - l. Mr. Kevin McAllister, the founding partner of Access Holdings GP Company; and
  - m. Mr. Jesse Rogers, Co-Founder and Managing Director of Altamont Capital Partners.
5. Kuvare GP is owned by three investors: Access Holdings GP LP, ACP LI Holdings, LP and Makena Strategic Opportunities Fund – KH, LLC. Of those three shareholders, each of Access Holdings GP LP and ACP LI Holdings, LP hold more than 10% of Kuvare GP, whereas Makena Strategic Opportunities Fund – KH, LLC holds 5% of Kuvare GP. Makena Strategic Opportunities Fund – KH, LLC was not named as an Applicant to the Form A or a party to the hearing proceedings on this matter.
6. On July 24, 2019, the Sellers and GILICO entered into the Stock Purchase Agreement, which provides for the acquisition of control of LBL to close following, among other things, the receipt of all required regulatory approvals. As a result of the transactions contemplated by the Stock Purchase Agreement, GILICO will acquire all of the issued and outstanding

capital stock of LBL HoldCo Inc. and, therefore, indirectly acquire control of LBL by virtue of LBL being an indirect wholly owned subsidiary of LBL HoldCo, Inc.

7. GILICO will also acquire indirect control of Lancaster Re Captive Insurance Company, a Nebraska captive insurance company and wholly owned subsidiary of LBL (“Lancaster”) and Lanis LLC, a Delaware limited liability company and wholly owned subsidiary of LBL HoldCo II, Inc.
8. Pursuant to the terms of the Stock Purchase Agreement, GILICO will pay a purchase price estimated to be approximately \$370,000,000, which amount is based on the approximately \$390,000,000 base purchase price, as reduced by 50% of the \$40,000,000 dividend expected to be paid by LBL prior to the closing. The dividend was approved after separate independent analysis and approval by the Department, pursuant to an order issued on November 25, 2019, C-2548, (subject to the Acquisition of Control being approved by the Department). The purchase price will also be reduced by the amount of certain payments made by LBL Holdco, Inc. and its subsidiaries to the Sellers and their affiliates or with respect to expenses related to the transaction between December 31, 2018 and the Closing, as calculated pursuant to the Stock Purchase Agreement.
9. The purchase price will be funded through the following sources:
  - a. An equity commitment letter between Kuvare Holdings LP, Kuvare GP Holdings LP, Kuvare Life Re and Kuvare US and GILICO, pursuant to which Kuvare Holdings LP commits to make, or cause its affiliates to make, a cash capital contribution to GILICO in the amount of \$205,000,000.
  - b. A commitment for debt financing from a syndicate of commercial lenders through an unsecured term loan facility. The lenders have committed to lend Kuvare US a total of \$225,000,000 through such loan facility.

- c. A Note Purchase Agreement between GILICO and Kuvare Life Re pursuant to which, subject to the approval or non-disapproval of the Commissioner of the Iowa Insurance Division, GILICO will issue a fixed rate surplus note in the aggregate principal amount of \$50,000,000 (the “Surplus Note”) to Kuvare Life Re. In the event approval of the Surplus Note is not received, Kuvare US may issue a fixed rate subordinated note in the aggregate principal amount of \$50,000,000 to Kuvare Life Re.
10. Applicants have no current plans to cause LBL to declare any extraordinary dividends (other than with respect to the pre-closing dividend referred to above), liquidate LBL, sell the assets of LBL to any other person or persons (other than asset sales in the ordinary course of business), merge LBL with any person or persons or make any material change in LBL’s business operations or corporate structure that would be unfair or unreasonable to LBL’s policyholders or contrary to the public interest.
11. LBL is currently in run off and the Applicants currently intend to continue to maintain LBL’s run off business plan and manage LBL’s operations as a run off block; however, the Applicants and LBL may assess over time the feasibility of LBL recommencing sales. The Applicants have confirmed that if LBL intends to begin the direct sale of insurance products, LBL will submit a proposed business plan to the Department with respect thereto, describing such matters as the products to be issued, the distribution channels utilized to market such products, the manner by which the products will be administered, and any applicable reinsurance with respect thereto.
12. Following the closing of the Acquisition of Control, the Applicants currently expect that LBL will enter into the following intercompany transactions:
  - a. Kuvare Insurance Services LP (“KIS”), an affiliate of Kuvare, will provide investment advisory services (including assistance with the selection and on-going

management of third party asset managers) to LBL pursuant to an Investment Management Agreement;

- b. KIS and Kuvare US will provide certain services to LBL pursuant to a Cost Sharing and Services Agreement;
- c. GILICO will update certain terms of an AXXX financing transaction with Hannover Life Reassurance Company of America (Bermuda) Ltd. ("Hannover") pursuant to which Hannover provides Regulation AXXX reserve financing in support of LBL's obligations under the indemnity funds withheld reinsurance agreement between LBL and Lancaster, effective April 1, 2014; and
- d. LBL will recapture risks ceded to Hannover on a coinsurance and modified coinsurance basis with respect to its current assumption universal life policies (the "CAUL Policies"). Following such recapture, LBL will cede approximately 18% of its total reserves pertaining to the recaptured CAUL Policies as well as with respect to its variable universal life, fixed deferred annuity and fixed index annuity policies to GILICO on a coinsurance basis (with respect to the general account business) and modified coinsurance basis (with respect to the separate account business) under a reinsurance agreement.

13. Upon the closing of the Acquisition of Control, each of the current directors and executive officers of LBL will resign from their current positions. It is currently expected that the following individuals will serve as LBL's directors and executive officers immediately after the closing of the Acquisition of Control:

- a. Board of Directors: Dhiren Jhaveri, Executive Chairman; Carlos Sierra; Bradley Rosenblatt; Joseph Wieser; Burke Harr; and
- b. Executive Officers: Carlos Sierra, President; Joseph Rafson, Vice President and Appointed Actuary; Forozan Nasery, Vice President, Chief Financial Officer, Treasurer and Controller; David Goldberg, Secretary; Megan Curoe, Assistant Secretary; Shimrit Scher, Assistant Secretary. In the first quarter of 2020, it is anticipated Ms. Nasery will resign and that Erik Braun will replace her as Vice President, Chief Financial Officer, Treasurer and Controller.

14. Applicants have filed all the documents and information required by law and requested by the Department.

#### CONCLUSIONS OF LAW

1. The Department and Director have jurisdiction over the subject matter of this proceeding.
2. On the basis of the materials filed, correspondence received and evidence presented at the hearing, the Director concludes as follows:
  - a. After the Acquisition of Control, LBL will 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;
  - b. The Acquisition of Control would not substantially lessen competition in insurance in this state or tend to create a monopoly therein;
  - c. The financial condition of any of the Applicants will not jeopardize the financial stability of LBL or prejudice the interests of the policyholders of LBL;
  - d. The Applicants have no current plans or proposals to liquidate LBL, sell LBL's assets or consolidate or merge LBL with any person or to make any other material change in LBL's business or corporate structure of management which would be unfair and unreasonable to policyholders of LBL and not in the public interest;
  - e. The competence, experience and integrity of those persons who would control the operation of LBL is sufficient to reasonably assure that permitting the Acquisition of Control would not adversely affect the interest of policyholders of the insurer and the public;
  - f. The requirements of Neb. Rev. Stat. § 44-6115 are not applicable to this Form A; and
  - g. The Acquisition of Control would not be hazardous or prejudicial to the public.

#### ORDER

IT IS THEREFORE ORDERED that the Applicants' Form A to acquire control of Lincoln Benefit Life Company is approved subject to the following condition:

Within fifteen (15) days after the end of the month in which the closing of the Acquisition of Control occurs, the Applicants shall cause to be filed with the Department



an Insurance Holding Company System Registration Statement, and any other filings required, in accordance with Neb. Rev. Stat. § 44-2132, et seq.

Dated this 5 day of December, 2019.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

  
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Bruce R. Range  
Director of Insurance

CERTIFICATION OF SERVICE

I hereby certify that a true and correct copy of the foregoing Order was sent to the individuals designated below by first class U.S. mail and electronic mail on this 5<sup>th</sup> day of December, 2019.

A handwritten signature in black ink, appearing to read "Matthew W. Harr", is written over a horizontal line.

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