

**BEFORE THE COMMISSIONER OF INSURANCE
STATE OF KANSAS**

In the Matter of the Proposed)	
Acquisition of Control of)	
)	
SECURITY BENEFIT LIFE INSURANCE)	Docket No. 4740-ACQ
COMPANY)	
)	
By:)	
ELDRIDGE INDUSTRIES, LLC)	
SBT INVESTORS LLC)	
NZC CAPITAL LLC)	
TODD L. BOEHLY)	
ECHIDNA CAPITAL LLC)	
ANTHONY D. MINELLA)	

ORDER

Now on this 14th day of September, 2016, the above matter comes before the Commissioner of Insurance of the State of Kansas (“Commissioner”) upon the filing of a pre-acquisition notice pursuant to K.S.A. 40-3304 and K.A.R. 40-1-28 in the form of a Form A Statement Regarding the Acquisition of Control of a Domestic Insurer and the Amendment No. 1 thereto, as amended and restated by the Amended and Restated Form A Statement Regarding the Acquisition of Control of a Domestic Insurer dated May 9, 2016 (as amended and restated, the “Form A Statement”) by Eldridge Industries, LLC, a Delaware limited liability company formerly known as New Eldridge LLC (“Eldridge Industries”), SBT Investors LLC, a Delaware limited liability company (“SBT”), NZC Capital LLC, a Delaware limited liability company (“NZC”), Todd L. Boehly, an individual, Echidna Capital LLC, a Delaware limited liability company (“Echidna”), and Anthony D. Minella, an individual (collectively, the “Applicants”). The Form A Statement relates to the proposed acquisition of control of Security Benefit Life Insurance Company (“Security Benefit”), a Kansas domestic insurance company, through the resignation of Guggenheim Knights of Security, LLC as sole manager of Guggenheim SBC

Holdings LLC and, through a series of transactions, the ultimate replacement of Guggenheim Knights of Security, LLC by Eldridge Industries. Security Benefit is a direct, wholly-owned subsidiary of Security Benefit Corporation, which is a direct, wholly-owned subsidiary of Guggenheim SBC Holdings LLC.

The Applicants are represented by Cynthia R. Shoss, Sutherland Asbill & Brennan LLP and Justin L. Ochs, Wilmer Cutler Pickering Hale and Dorr LLP. Security Benefit is represented by John Guyot, General Counsel of Security Benefit. The Kansas Insurance Department (“KID”) is represented by its General Counsel, Diane Minear and its Director of Financial Surveillance, Kenneth G. Abitz. Also appearing for the KID is Husch Blackwell LLP.

Pursuant to the authority granted to the Commissioner pursuant to K.S.A. 40-3301 and 40-3304(d)(1) and in accordance with the Kansas Administrative Procedures Act, K.S.A. 77-501, *et seq.*, the Commissioner hereby asserts the following declarations of public interest and policy, findings of fact, conclusions of law and orders:

DECLARATION OF PUBLIC INTEREST AND POLICY

The Commissioner finds and declares that it is consistent with the public interest and the interest of policyholders to permit insurers to:

- (a) Engage in activities which would enable them to make better use of management skills and facilities;
- (b) diversify into new lines of business through acquisition or organization of subsidiaries;
- (c) have free access to capital markets which could provide funds for insurers to use in diversification programs;
- (d) implement sound tax planning conclusions; and

- (e) serve the changing needs of the public and adapt to changing conditions of the social, economic and political environment, so that insurers are able to compete effectively and to meet the growing public demand for institutions capable of providing a comprehensive range of financial services.

The Commissioner further finds and declares that the policies and purposes in K.S.A. 40-3301, *et seq.*, promote the public interest by:

- (a) Facilitating the achievement of the objectives enumerated in K.S.A. 40-3301 and set out above;
- (b) requiring disclosure of pertinent information relating to changes in control of an insurer;
- (c) requiring disclosure by an insurer of material transactions and relationships between the insurer and its affiliates, including certain dividends paid by the insurer; and
- (d) providing standards governing material transactions between the insurer and its affiliates.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The findings of fact and conclusions stated herein are based upon the statements made by the Applicants in the Form A Statement and accompanying documents made under oath and filed with KID by the Applicants pursuant to K.S.A. 40-3304(b) and K.A.R. 40-1-28.

1. Significant documents have been reviewed by representatives of the Financial Surveillance and Legal Divisions of the KID, and the Commissioner has had the benefit of their technical expertise and advice.

2. The purpose of the filing of the Form A Statement is to seek authority from KID for the proposed acquisition of control of Security Benefit by the Applicants. The terms and conditions of the proposed acquisition are more fully set forth in the Form A Statement filed with the Commissioner pursuant to the Kansas Insurance Holding Companies Act, K.S.A. 40-3301, *et seq.*

3. The Form A Statement filed with the Department by the Applicants includes an Amended and Restated Form A Statement Regarding the Acquisition of Control of a Domestic Insurer dated May 9, 2016, which amends and restates a Form A Statement Regarding the Acquisition of Control of a Domestic Insurer dated December 11, 2014 and an Amendment No. 1 to Form A Statement Regarding the Acquisition of Control of a Domestic Insurer dated January 9, 2015, requesting approval of the acquisition of Security Benefit.

4. The Form A Statement was filed by the Applicants to update certain aspects of the Form A Statement Regarding the Acquisition of Control of a Domestic Insurer dated December 11, 2014 and an Amendment No. 1 to Form A Statement Regarding the Acquisition of Control of a Domestic Insurer dated January 9, 2015, which were previously approved by the Commissioner by order dated March 4, 2015 (the "Approval Order"). The sixty (60) day period to effect the acquisition set forth in the Approval Order was extended several times by orders of the Commissioner, the most recent being August 23, 2016.

5. The Applicants submitted various Exhibits to the Form A Statement including, but not limited to, the Guggenheim Knights of Security, LLC Resignation Letter, the Transaction Agreement and Supplemental Letter, the Eldridge Industries Amended and Restated Limited Liability Company Agreement, organizational charts and financial statements.

6. Security Benefit is a Kansas stock insurance company and its statutory home office is Security Benefit Life Insurance Company, One Security Benefit Place, Topeka, Kansas 66636. Security Benefit Corporation owns one hundred percent (100%) of the outstanding common shares of Security Benefit. The Applicants will obtain control of Security Benefit through their ownership of Eldridge Industries, which will ultimately become, through a series of transactions, the sole manager of Guggenheim SBC Holdings LLC (to be renamed Eldridge SBC Holdings LLC). Todd L. Boehly will be regarded as the ultimate controlling person of Security Benefit for purposes of K.S.A. 40-3301, *et seq.*

7. The staff of the KID have inspected and reviewed the contents of the Form A Statement and Exhibits attached thereto, to the extent necessary, and found that the filing of the Form A Statement and Exhibits are in compliance with the provisions of Kansas Insurance Holding Company Act, K.S.A. 40-3301, *et seq.* and K.A.R. 40-1-28. Also, staff have found the Form A Statement and Exhibits have provided the information required under Kansas statutes to enable the Commissioner to render a decision.

8. Evidence shows that after the change of control, Security Benefit would be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which they are presently licensed.

9. Evidence shows that the financial condition of the Applicants does not jeopardize the financial stability of Security Benefit or prejudice the interest of their respective policyholders.

10. Evidence shows that the Applicants have no current plans or proposals to liquidate Security Benefit, sell its assets or consolidate or merge Security Benefit with any

person, or to make any other material change in Security Benefit's current active business operations or corporate structure or management.

11. Evidence shows that the competence, experience and integrity of those persons who would control the operation of Security Benefit are such that it would be in the interest of policyholders of the insurer and of the public to permit the acquisition of control.

12. Evidence shows that the acquisition is not likely to be hazardous or prejudicial to the insurance-buying public.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. The application by the Applicants to acquire control of Security Benefit in the manner set forth in the Form A Statement Regarding Acquisition of Control and Exhibits attached thereto is hereby approved pursuant to K.S.A. 40-3304, provided that the acquisition is effected within sixty (60) days of the date of this Order.

2. The Commissioner retains jurisdiction over the subject matter of this proceeding and over the parties for the purpose of entering such further order or orders as may be deemed proper.

NOTICE OF RIGHTS

This Final Order is effective upon service. Pursuant to K.S.A. 77-529, Applicants may petition the Commissioner for reconsideration of this Final Order within fifteen (15) days after service of the Final Order. A petition for reconsideration must state the specific grounds upon which relief is requested. Additionally, a party to this agency proceeding may seek judicial review of this Final Order by filing a petition in the District Court, pursuant to K.S.A. 77-601, *et seq.* Reconsideration of this Final Order is not a prerequisite for judicial review. A petition for judicial review is not timely unless filed within thirty (30) days following the service of this Final Order, unless Applicants petition the Commissioner for reconsideration, in which case a petition for judicial

review is not timely unless filed within thirty (30) days following service of an order rendered upon reconsideration, or an order denying the request for reconsideration. In the event Applicants file a petition for judicial review, the agency officer to be served on behalf of the Department is:

Diane Minear, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612.

IT IS SO ORDERED THIS 14th DAY OF SEPTEMBER, 2016, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



Ken Selzer, CPA
Commissioner of Insurance

Diane Minear
General Counsel

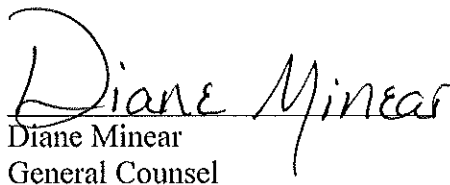
Certificate of Service

I hereby certify that a true and correct copy of the foregoing Order was forwarded via first class mail, postage prepaid on the 14th day of September, 2016 to:

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Diane Minear
General Counsel