

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

**In the Matter of the Proposed
Acquisition of Control of**

HERITAGE CASUALTY INSURANCE COMPANY

NAIC No. 32077

by:

VANTAGE GROUP HOLDINGS LTD.

VANTAGE RISK HOLDINGS CORPORATION

H&F VANTAGE AGGREGATOR, L.P.

H&F VANTAGE AGGREGATOR GP, LLC

HELLMAN & FRIEDMAN CAPITAL PARTNERS IX, L.P.

HELLMAN & FRIEDMAN CAPITAL PARTNERS IX (PARALLEL), L.P.

HELLMAN & FRIEDMAN INVESTORS IX, L.P.

H&F CORPORATE INVESTORS IX, LTD.

DANIEL D'ANIELLO

DAVID RUBENSTEIN AND

WILLIAM CONWAY JR.

Docket No. 91569

ORDER

Now on this 27th day of December 2021, the above matter comes before the Commissioner of Insurance of the State of Kansas (the "Commissioner") upon the filing of a pre-acquisition notice pursuant to K.S.A. 40-3304 and K.A.R. 40-1-28¹ in the form of a "Form A" Statement Regarding the Acquisition of Control of a Domestic Insurer dated November 22, 2021 ("Form A Statement") by Vantage Group Holdings Ltd.; Vantage Risk Holdings Corporation; H&F Vantage Aggregator, L.P.; H&F Vantage Aggregator GP, LLC; Hellman & Friedman

¹ K.A.R. 40-1-28 incorporates the Kansas Insurance Department's "policy and procedure providing insurance holding company system reporting forms and instructions", dated September 15, 2020.

Capital Partners IX, LP.; Hellman & Friedman Capital Partners IX (Parallel), L.P.; Hellman & Friedman Investors IX, L.P.; H&F Corporate Investors IX, Ltd.; Daniel D’Aniello; David Rubenstein; and William Conway Jr. (“Applicants”). The Form A Statement relates to the proposed acquisition of control of Heritage Casualty Insurance Company (“HCIC”), a Kansas property/casualty insurance company, by the Applicants.

Pursuant to the authority granted to the Commissioner by 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 the following:

DECLARATION OF PUBLIC INTEREST AND POLICY

The following statements of fact and conclusions of law are made with the intent to promote the policies and objectives enumerated in K.S.A. 40-3301.

FINDINGS OF FACT

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 the Kansas Insurance Department (the “Department”) by the Applicants pursuant to K.S.A. 40-3304(b) and K.A.R. 40-1-28.

1. Background Information

- a. The purpose of the filing of the Form A Statement is to seek authority from the Commissioner for the proposed acquisition of control of HCIC by the Applicants.

The terms and conditions of the proposed acquisition are more fully set forth in the Form A Statement filed by the Applicants with the Commissioner pursuant to the Kansas Insurance Holding Company Act, K.S.A. 40-3301, *et seq.*

- b. The Applicants filed a fully executed Form A Statement with the Department on November 22, 2021. In the Form A Statement, the Applicants request approval of the acquisition of control of HCIC by the Applicants.
- c. The Applicants submitted various exhibits to the Form A Statement, including, without limitation, the Stock Purchase Agreement, financial statements, organizational charts, and NAIC biographical affidavits.
- d. Representatives of the Financial Surveillance and Legal Divisions of the Department reviewed significant documents, and the Commissioner has had the benefit of her staff's technical expertise and advice.
- e. Vantage Group Holdings Ltd. ("Vantage Holdings") is a Bermuda exempted company that, together with its subsidiaries, is a privately held specialty insurance and reinsurance group.
- f. Vantage Risk Holdings Corporation ("Vantage US Holdco") is a Delaware corporation and a wholly owned subsidiary of Vantage Holdings that serves as an intermediate U.S. holding company.
- g. H&F Vantage Aggregator, L.P. ("H&F Aggregator") is a Cayman Islands exempted limited partnership, which owns approximately 48% of the issued and outstanding voting securities of Vantage Holdings.
- h. H&F Vantage Aggregator GP, LLC (H&F Aggregator LLC") is a Cayman Islands exempted limited partnership, which is the general partner of H&F Aggregator.
- i. Hellman & Friedman Capital Partners IX, L.P. ("H&F Fund IX") is a Cayman Islands exempted limited partnership which owns approximately 53.7% of the issued and outstanding voting membership interests of H&F Aggregator LLC.

- j. Hellman & Friedman Capital Partners IX (Parallel), L.P. (“H&F Parallel Fund IX”) is a Cayman Islands exempted limited partnership, which owns approximately 38.5% of the issued and outstanding voting membership interests of H&F Aggregator LLC.
- k. Hellman & Friedman Investors IX, L.P. (“H&F Investors LP”) is a Cayman Islands exempted limited partnership, which is the general partner of H&F Fund IX and H&F Parallel Fund IX.
- l. H&F Corporate Investors IX, Ltd. is a Cayman Islands exempted company, which is the general partner of H&F Investors LP.
- m. Mr. Daniel D’Aniello is a founder of The Carlyle Group Inc. (“Carlyle”).
- n. Mr. David Rubenstein is a founder of Carlyle.
- o. Mr. William Conway Jr. is a founder of Carlyle.
- p. HCIC is a Kansas stock insurance company with its statutory home office address in Overland Park, Kansas. Currently, HCIC is a wholly-owned subsidiary of Union Fidelity Life Insurance Company (“UFLIC”), a Kansas life insurance company, which is an indirect subsidiary of General Electric.

2. Structure of the Transaction.

- a. On May 28, 2021, UFLIC and Vantage US Holdco entered into a Stock Purchase Agreement (“Agreement”). Under the Agreement, Vantage US Holdco will purchase all of the outstanding shares of capital stock of HCIC (“Proposed Acquisition”) subject to the conditions set forth in the Agreement, including receipt of requisite regulatory approvals, at the closing of the contemplated transactions (“Closing”). Accordingly, as of the Closing, the Applicants will indirectly control HCIC.

- b. After the aforementioned acquisition is complete, H&F Corporate Investors IX, Ltd., Daniel D’Aniello, David Rubenstein, and William Conway Jr. will be the ultimate controlling persons of HCIC.
- 3. **Consideration for the Agreement.** Under the terms of the Agreement, the purchase price for the Proposed Acquisition is \$12.5 million, subject to reductions in the event of the termination, lapse, surrender or other material condition or restriction upon any of HCIC’s current Certificates of Authority, plus an amount of cash equal to HCIC’s adjusted statutory capital and surplus as of the Closing. The purchase price for the Proposed Acquisition is estimated to be approximately \$20.1 million based on HCIC’s policyholder surplus, as adjusted to reflect the mark to market of invested assets as of March 31, 2021 (the “Purchase Price”).
- 4. **Source of the Purchase Consideration.** The Applicants’ source of funds for the Purchase Price is cash on hand at Vantage Holdings, which will be transferred to Vantage US Holdco through a capital contribution prior to the Closing.
- 5. **Future Plans.**
 - a. As part of the Form A, the Applicants indicated that they do not have any plans to liquidate HCIC or merge HCIC with any other entity. Further, the Applicants indicated that they do not have any plans to sell the assets of HCIC or make any other material change in its business operations or corporate structure. Finally, the Applicants indicated that they do not have any plans to cause HCIC to declare any extraordinary dividend.
 - b. The Applicants indicated that the current directors and executive officers of HCIC will be replaced as a result of the Proposed Acquisition. The Applicants provided

biographical affidavits and background investigation reports for the individuals who will serve as directors and executive officers.

APPLICABLE LAW

6. K.S.A. 40-3304(a)(1) provides:

“No person other than the issuer shall make a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities or, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after the consummation thereof, such person would, directly or indirectly, or by conversion or by exercise of any right to acquire, be in control of such insurer, and no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer or any person controlling a domestic insurer unless, at the time any such offer, request, or invitation is made or any such agreement is entered into, or prior to the acquisition of such securities if no offer or agreement is involved, such person has filed with the commissioner of insurance and has sent to such insurer, a statement containing the information required by this section and such offer, request, invitation, agreement or acquisition has been approved by the commissioner of insurance in the manner hereinafter prescribed. The requirements of this section shall not apply to the merger or consolidation of those companies subject to the requirements of K.S.A. 40-507 and 40-1216 to 40-1225, inclusive, and amendments thereto.”

CONCLUSIONS OF LAW

7. Representatives of the Financial Surveillance and Legal Divisions of the Department inspected and reviewed the contents of the Form A Statement and exhibits and determined those filings comply with the provisions of the Kansas Insurance Holding Company Act, K.S.A. 40-3301, *et seq.* and K.A.R. 40-1-28. Additionally, the Department determined that the Applicants provided the information required under Kansas law to enable the Commissioner to render a decision.
8. The evidence shows that after the change of control, HCIC would be able to satisfy all the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed.

9. The evidence shows that the financial condition of the Applicants does not jeopardize the financial stability of HCIC or prejudice the interest of its policyholders.
10. The evidence shows that the Applicants have no current plans or proposals to liquidate HCIC, sell its assets or consolidate or merge it with any person, or make any material change in HCIC's current active business operations or corporate structure.
11. The evidence shows that the competence, experience, and integrity of those persons who would control the operation of HCIC are such that it would not be harmful to the interest of policyholders of HCIC and of the public to permit the acquisition of control by the Applicants.
12. The evidence shows that the acquisition of control of HCIC by the Applicants 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 HCIC in the manner set forth in the Form A Statement and exhibits is hereby approved pursuant to K.S.A. 40-3304, provided that the acquisition is effected no later than 90 days after 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, the 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 the 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 the Applicants file a petition for judicial review, the agency officer to be served on behalf of the Department is:

Justin McFarland, General Counsel
Kansas Insurance Department
1300 SW Arrowhead Road
Topeka, Kansas 66604

IT IS SO ORDERED THIS 27th DAY OF DECEMBER 2021, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.



Vicki Schmidt
Commissioner of Insurance

Approved by the Kansas Insurance
Department Legal Division:


/s/Paige Blevins

Paige Blevins
Lead Regulatory Counsel

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Final Order was forwarded via first class mail, postage prepaid on the 28th day of December 2021, to:

Bobbi Anderson
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