

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

In the Matter of the Proposed)	
Exemption of)	
)	
UNION SECURITY INSURANCE COMPANY)	
NAIC No. 70408)	
)	Docket No. 91511
and)	
)	
CUNA MUTUAL HOLDING COMPANY)	
)	

ORDER

Now on this 20th day of December 2021, the above matter comes before the Commissioner of Insurance of the State of Kansas (the “Commissioner”) upon the request of CUNA Mutual Holding Company (“CUNA Mutual”) and Union Security Insurance Company (“USIC” or the “domestic insurer”) (collectively, the “parties”) for a Form A Statement Filing exemption, dated November 16, 2021. CUNA Mutual requests an Order pursuant to K.S.A. 40-3304(e)(1), exempting it from the filing and approval requirements of K.S.A. 40-3304(a), as the statute may be construed to apply to a proposed transaction involving the domestic insurer.

Pursuant to the authority granted to the Commissioner by K.S.A. 40-3301 and 40-3304(e) 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 Commissioner has the general supervision, control, and regulation of corporations, companies, associates, societies, exchanges, partnerships, or persons authorized to transact the business of insurance, indemnity, or suretyship in this state. 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 CUNA Mutual.

1. CUNA Mutual requested an exemption, pursuant to K.S.A. 40-3304(e), from the prior approval requirements of the Kansas Insurance Holding Companies Act, specifically the requirements outlined in K.S.A. 40-3304(a).
2. USIC is domiciled in Kansas, with its statutory home office address in Topeka, Kansas.
3. CUNA Mutual is the current designated ultimate controlling person (“UCP”) of USIC.
4. **Background**
 - a. Currently, Preneed Holdings, LLC (“Preneed Holdings”), a Delaware limited liability company, owns 100% of the issued and outstanding capital stock of USIC.
 - b. CMFG Life Insurance Company (“CMFG Life”), an Iowa stock life and accident & health insurance company, currently owns 100% of the outstanding equity interests in Preneed Holdings, and thereby indirectly controls 100% of the issued and outstanding capital stock of USIC.

- c. CMFG Life is 100% owned by TruSage Financial Group, Inc., who is 100% owned by CUNA Mutual, the UCP of this holding company system.

5. Proposed Transaction

- a. CMFG Life intends to restructure its control of USIC by dissolving Preeed Holdings.
 - b. As a result of this dissolution, CMFG Life will receive and own 100% of the issued and outstanding capital stock of USIC directly through a liquidating distribution (the “Dissolution”).
6. As a result of the proposed Dissolution, CMFG Life will directly own and exercise all voting rights in the governance of USIC.
7. Post-Dissolution, CUNA Mutual will remain the ultimate controlling person of USIC.

APPLICABLE LAW

8. The Commissioner has jurisdiction over this matter pursuant to K.S.A. 40-103 and K.S.A. 40-3301, *et seq.*
9. 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.”

10. K.S.A. 40-3304(e) provides:

“The provisions of this section shall not apply to:

“Any offer, request, invitation, agreement or acquisition which the commissioner of insurance by order shall exempt therefrom as:

“(1) Not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer; or

“(2) as otherwise not comprehended within the purposes of this section.”

CONCLUSIONS OF LAW

11. Representatives of the Financial Surveillance and Legal Divisions of the Department inspected and reviewed the contents of the request.

12. Based on the information enumerated in the Findings of Fact, contained in paragraphs 1-7 above, and the representations made by CUNA Mutual, the transaction is not made for the purpose of, and will not have the effect of, changing or influencing the control of the domestic company, USIC.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. The parties shall be exempt from the formal filing and approval requirements of K.S.A. 40-3304(a) as it may apply to the proposed transaction.
2. The parties shall continue to comply with the provisions and requirements of K.S.A. 40-3301 *et seq.* in the future.
3. 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 Applicant 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 Applicant petitions 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 Applicant files 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 22 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:




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 22 day of December 2021, to:

Thomas R. Hrdlick
Foley & Lardner LLP
777 East Wisconsin Ave.
Milwaukee, WI 53202
Attorney for CUNA Mutual Holding Company



Toni Garrard
Senior Administrative Assistant