

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

In the Matter of the Proposed)	
Acquisition of Control of)	
)	
UNION SECURITY INSURANCE COMPANY)	
)	Docket No. 88927
NAIC No. 70408)	
)	
)	
by:)	
)	
CUNA MUTUAL HOLDING COMPANY)	
AND CMFG LIFE INSURANCE COMPANY)	
)	
)	
)	
)	

ORDER

Now on this 28th day of June 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 March 26, 2021 (“Form A Statement”) by CUNA Mutual Holding Company and CMFG Life Insurance Company (collectively “Applicants”). The Form A Statement relates to the proposed acquisition of control of Union Security Insurance Company (“USIC”), a Kansas life insurance company, by the Applicants.

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

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 USIC 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 March 26, 2021. In the Form A Statement, the Applicants request approval of the acquisition of control of USIC by the Applicants.

- c. The Applicants submitted various exhibits to the Form A Statement, including, without limitation, the Equity 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. CUNA Mutual Holding Company ("CUNA Mutual") is a mutual insurance holding company domiciled in Iowa with its statutory home office in Waverly, Iowa. CMFG Life Insurance Company ("CMFG") is a stock life insurance company domiciled in Iowa that is an indirect wholly-owned subsidiary of CUNA Mutual with its statutory home office in Madison, Wisconsin. CUNA Mutual and its affiliates are members of a holding company system that serves the insurance and financial services needs of credit unions and consumers, including through the underwriting and issuance of insurance coverage.
- f. USIC is a Kansas stock insurance company with its statutory home office address in Topeka, Kansas. Currently, USIC is an indirect wholly-owned subsidiary of Assurant, Inc. ("Assurant"), the ultimate controlling person of an insurance holding company system.

2. Structure of the Transaction

- a. According to the Form A Statement and exhibits, the Applicants propose to acquire control of USIC through the acquisition of Preneed Holdings, LLC ("Preneed Holdings"), a wholly-owned subsidiary of Interfinancial, Inc. ("Interfinancial") that is a wholly-owned subsidiary of Assurant.

- b. On March 8, 2021, Interfinancial, CMFG, and TruStage Global Holdings, LLC, an Alberta, Canada unlimited liability company (the “Buyers”) and Assurant (the “Seller”) entered into an Equity Purchase Agreement (“Agreement”). Under the Agreement, CMFG will purchase all of the limited liability company interests of Preneed Holdings, thereby acquiring control of USIC. Accordingly, as of the Closing, the Applicants will indirectly control USIC.
 - c. Under the Agreement, the Applicants also will acquire, directly or indirectly, the following other entities currently under the indirect control of Assurant and Interfinancial: American Memorial Life Insurance Company, a stock insurance company domiciled in South Dakota; ALOC Holdings ULC, a Canadian unlimited liability corporation; Assurant Life of Canada, a stock insurance company domiciled in Canada; FamilySide, Inc., a Canadian corporation; and Family Considerations, Inc., a Georgia corporation.
 - d. After the aforementioned acquisition is complete, CUNA Mutual Holding Company will be the ultimate controlling person of USIC.
3. **Consideration for the Agreement.** Under the terms of the Agreement, the purchase price for all of the entities to be acquired by the Applicants is \$1.25 billion, subject to certain adjustments set forth in the Agreement (the “Purchase Price”).
4. **Source of the Purchase Consideration.** The Applicants’ source of funds for the Purchase Price is a combination of between \$300 and \$400 million cash on hand and an unsecured term loan facility of up to \$1 billion.
5. **Future Plans.** As part of the Form A, the Applicants indicated that they do not have any plans to liquidate USIC or merge USIC with any other entity. Further, the Applicants

indicated that they do not have any plans to sell the assets of USIC or make any other material change in its business operations, corporate structure or management. Finally, the Applicants indicated that they do not have any plans to cause USIC to declare any extraordinary dividend.

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, USIC 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 USIC or prejudice the interest of its policyholders.
10. The evidence shows that the Applicants have no current plans or proposals to liquidate USIC, sell its assets or consolidate or merge it with any person, or make any material change in USIC's current active business operations, corporate structure, or management.
11. The evidence shows that the competence, experience and integrity of those persons who would control the operation of USIC are such that it would not be harmful to the interest of policyholders of USIC and of the public to permit the acquisition of control by the Applicants.
12. The evidence shows that the acquisition of control of USIC 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:

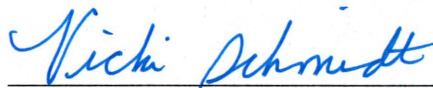
1. The application by the Applicants to acquire control of USIC in the manner set forth in the Form A Statement and exhibits is hereby approved pursuant to K.S.A. 40-3304, provided that the acquisition is effected no later than 90 days after this Order.
2. The Commissioner retains jurisdiction over the 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 28th DAY OF JUNE 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:

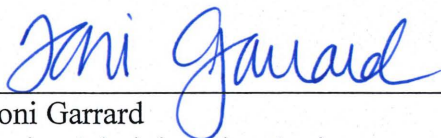


Paige Blevins
Lead Regulatory Counsel

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 28th day of June 2021, to:

Thomas R. Hrdlick, Esq.
Foley & Lardner LLP
777 East Wisconsin Avenue
Milwaukee, Wisconsin 53202
THrdlick@foley.com
Attorney for Applicants



Toni Garrard
Senior Administrative Assistant