

STATE OF CONNECTICUT

INSURANCE DEPARTMENT

March 23, 2021

Via email (eretersdorf@daypitney.com)

Elizabeth P. Retersdorf
Day Pitney LLP
242 Trumbull Street
Hartford CT 06103-1212

Re: Proposed Acquisition of Control of Talcott Resolution Life Insurance Company, Talcott Resolution Life and Annuity Insurance Company and American Maturity Life Insurance Company and Talcott Resolution International Life Reassurance Corporation by Sutton Holdings GP, LLC, Sutton Holdings Investments, Ltd., Sutton Investments, LLC, TAO Sutton Holdings, LLC, TAO Insurance Holdings, LLC, A. Michael Muscolino and Alan Waxman.

Docket # 21-15

Dear Attorney Retersdorf:

The Connecticut Insurance Department (“Department”) has completed a preliminary review of the Form A Statement regarding the proposed acquisition of control (“Proposed Acquisition”) of Talcott Resolution Life Insurance Company, Talcott Resolution Life and Annuity Insurance Company and American Maturity Life Insurance Company and Talcott Resolution International Life Reassurance Corporation (the “Domestic Insurers”) by Sutton Holdings GP, LLC, Sutton Holdings Investments, Ltd., Sutton Investments, LLC, TAO Sutton Holdings, LLC, TAO Insurance Holdings, LLC, A. Michael Muscolino and Alan Waxman (the “Applicants”). As a result of review, it was determined that the information requested below is necessary to complete the filing. Please provide in hard copy and on a thumb drive amended and restated clean and black lined versions of the Form A rather than standalone amendments. This should include any new exhibits resulting from the amendments and restatements. You should also reflect any amendments to the Application resulting from any discussions with the Department which you may have subsequent to this letter being issued.

This is a preliminary review by the Department. As there are several areas of Application deficiency, review by the Department will only commence when all of the following questions have been adequately addressed.

ITEM 1. INSURER AND METHOD OF ACQUISITION

The Department has no questions but please update the information as appropriate.

ITEM 2. INDENTITY AND BACKGROUND OF EACH OF THE APPLICANTS

1. As set forth on page 7 of the Application, the TAO investment platform is intentionally designed for long-term, patient investing with capital commitments made via an “evergreen” structure with no fixed realization date. Please provide more details about this structure, including but not limited to, a definition of “evergreen”, verification that the fund consistently “refreshes” investors as they are not considered long-term, and provide details on whether investors are guaranteed an expected rate of return.

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANTS

1. Please provide charts in the following format for officers and directors for the Domestic Insurers on a pre and post-acquisition basis. In addition, please verify if there are any changes being contemplated in “key person” roles post-acquisition.

Company Name

Directors

Name	Title

Officers

Name	Title

2. Please have third-party verifications submitted to the Department, in accordance with the procedures set forth in the Checklist, concerning the officers and directors of the Applicants, and the officers and directors of the Domestic Insurers on a post-acquisition basis.

3. The Application does not include biographical affidavits for any directors or officers of the Domestic Insurers, but instead states that they are on file with the Department. Pursuant to Regulations of Connecticut State Agencies § 38a-138-2 this is appropriate as long as they have been submitted within the last three years which is the case here. However, due to the coronavirus disease 2019 (“COVID-19”) outbreak, these records are not as easily accessible to the public should they be requested, therefore, at this time the Department is requesting that these biographical affidavits be resubmitted as part of this Application.

4. While we have not requested them, the Department reserves the right to receive credit histories for all individuals associated with the Applicants.

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

1. Please provide all schedules and exhibits to the Agreement and Plan of Merger including, but not limited to, the side agreements reference in the Plan of Merger and the company disclosure schedules.

2. The letter agreement in Exhibit E states that together with the Transaction Agreement the Limited Guarantee and the Confidentiality Agreement this Letter Agreement constitutes the sole agreement, and supersedes all prior agreements. Please verify if the Transaction Agreement is the same as the Merger Agreement, or otherwise please provide a copy, and please provide a copy of the Limited Guarantee and Confidentiality Agreement.

3. The Agreement notes that there is the possibility of using funds from certain third-party co-investors, if any such investors have been identified please provide their information, and continue to provide the Department of any other updates on this matter as they become available.

ITEM 5. FUTURE PLANS OF INSURER

1. Please provide an update on obtaining two independent directors for Talcott Resolution Life Insurance Company, when appropriate.

2. With respect to Exhibit F, Plan of Operations

- The Applicants state that there will be a refocus on growth through reinsurance and/or acquisitions. There also appears to be a fairly aggressive dividend distribution projection. What do you anticipate being your base line target risk based capital for both internal management purposes along with future commitments to rating agencies?
- Please describe any changes in hedging strategies.
- The Application states that there is no contemplation of letting any employees go with regards to the Domestic Insurers. However, this is the second change in control being contemplated over a short period of time. What are the plans to incentivize key employees, not limited to the management team, so as not to lose them to possible competitors?
- It is noted that key members of the management team will be retained through employment agreements and long-term incentive plans. Please provide these agreements and plans.
- If immediately after the proposed acquisition a solvency capital infusion is required due to a solvency issue, where would the funds originate from?
- The Applicants are considering making non-material changes to the investment portfolio but states that they will consider portfolio allocations to improve results. The Department will request frequent updates as this is being contemplated.
- Due to the proposed changes in Annex A, please describe any anticipated changes in risk appetite in any segment of the Domestic Insurers' operations.

- Are there any plans to bid on blocks of business that is not considered core to the Domestic Insurers?
- Please acknowledge and provide updates regarding continued compliance with investment portfolio limitations and derivative bulletin requirements.
- There is also reference to the Capital Maintenance Plan dated May 2, 2018 as it relates to maintaining the Connecticut domiciliary status and operations as well as current employment levels. The Department recognizes the importance of this Plan, however, please be aware that there will be a new Capital Maintenance Plan as part of this Form A process.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

The Department has no questions but please update the information as appropriate.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

The Department has no questions but please update the information as appropriate.

ITEM 8. CONTRACT, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

The Department has no questions but please update the information as appropriate.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

The Department has no questions but please update the information as appropriate.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

The Department has no questions but please update the information as appropriate.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

The Department has no questions but please update the information as appropriate.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

1. With the exception of A. Michael Muscolino and Alan Waxman, all legal entities are considered new entities, and therefore have no equity. As the purpose of a net worth statement is to demonstrate the ability to provide solvency capital if necessary please have Mr. Muscolino and Mr. Waxman provide independent net worth statements that will demonstrate they have the ability to provide appropriate capital if required.

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

The Department has no questions but please update the information as appropriate.

ITEM 14. OTHER INFORMATION

1. Please provide a copy of the Applicants' Hart-Scott Rodino Application and any federal responses associated with such filing.
2. Please provide the Department with any rating agency updates throughout the duration of the review of the Form A application.
3. Please provide updated filings to supplement the Application as warranted, including, but not limited to, year-end financial statements for 2020 for all Domestic Insurers, and any applicable quarterly statements for 2021.
4. The Applicants identified the following as affiliates, however, please verify that there are no insurance entities considered affiliates.
 - Lifetri Groep B.V.
 - Klaverblad Levensverzekering N.V.
 - Lifetri Uitvaartverzekeringen N.V.
 - Lifetri Verzekeringen N.V.

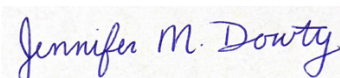
ITEM 15. SIGNATURES AND CERTIFICATION

The Department has no questions but please be aware of the requirement that all persons who signed the Form A Application are required to be present at the hearing.

We look forward to receiving this information at your earliest opportunity. If you feel it beneficial, we are agreeable to meeting by phone or video conference to discuss this letter or your proposed responses. Please be aware that further information may be requested as we continue to review and evaluate your submissions therefore, we recommend that you provide detailed and complete responses to avoid our having to seek further information which may delay the process.

If you have any questions, or would like to discuss, please let me know.

Sincerely,



Jennifer M. Dowty
Counsel, Connecticut Insurance Department

cc: Kathy Belfi, CID
Joan Nakano, CID
Kenneth Cotrone, CID