

1 -----X
 2 IN THE MATTER OF: :
 3 PROPOSED ACQUISITION OF CONTROL OF: :
 4 : :
 5 TALCOTT RESOLUTION LIFE INSURANCE :
 6 COMPANY, TALCOTT RESOLUTION LIFE :
 7 AND ANNUITY INSURANCE COMPANY, :
 8 AMERICAN MATURITY LIFE INSURANCE :
 9 COMPANY,AND TALCOTT RESOLUTION :
 10 INTERNATIONAL LIFE REASSURANCE :
 11 CORPORATION :
 12 : :
 13 by :
 14 : :
 15 SUTTON HOLDINGS GP, LLC, SUTTON :
 16 HOLDINGS INVESTMENT, LTD., SUTTON :
 17 INVESTMENTS LLC, TAO SUTTON :
 18 HOLDINGS, LLC, TAO INSURANCE :
 19 HOLDINGS, LLC, TAO SUTTON PARENT, :
 20 LLC, SIXTH STREET TAO PARTNERS, :
 21 L.P., SIXTH STREET TAO PARTNERS :
 22 (A), L.P, SIXTH STREET TAO :
 23 PARTNERS (B), L.P., SIXTH STREET :
 24 TAO PARTNERS (C) L.P., SIXTH :
 25 STREET TAO PARTNERS (D), L.P., :
 SIXTH STREET TAO PARTNERS (E), :
 L.P, SIXTH STREET TAO PARTNERS :
 (F), L.P, SUPER TAO MA, L.P., :
 SUPER TAO CONTINGENT MA, L.P., :
 KNIGHT TAO, L.P., PSERS TAO :
 PARTNERS PARALLEL FUND,L.P, :
 A. MICHAEL MUSCOLINO, AND :
 ALAN WAXMAN :
 -----X

No. EX21-15

18
 19 DATE: JUNE 15, 2021
 20 HELD AT: CONNECTICUT INSURANCE DEPARTMENT
 21 153 MARKET STREET, 7TH FLOOR
 22 HARTFORD, CONNECTICUT

23 Reporter: BRANDON LEGAL TECH
 24 JACQUELINE V. McCAULEY, RPR, CSR
 25 37 Pinnacle Mountain Road
 Simsbury, CT 06070
 (860) 528-2244

1 APPEARANCES :

2
3 HEARING PARTICIPANTS :

4 REPRESENTING THE CONNECTICUT INSURANCE DEPARTMENT :

5 JOSHUA HERSHMAN, DEPUTY COMMISSIONER, HEARING OFFICER
6 JENNIFER M. DOWTY, ESQUIRE, LEGAL DEPARTMENT
7 KATHY BELFI, CPA
8 JOAN NAKANO, SIE
9 KENNETH L. COTRONE, JR., ICSE

10 ALSO PRESENT FROM CONNECTICUT INSURANCE DEPARTMENT :

11 JARED T. KOSKY, COUNSEL, LEGAL DIVISION
12 JOEL HENRY

13 REPRESENTING THE APPLICANTS :

14 ELIZABETH RETERSDORF, ESQUIRE
15 TIMOTHY CURRY, ESQUIRE
16 DAY PITNEY, LLP
17 242 TRUMBULL STREET, 6TH FLOOR
18 HARTFORD, CONNECTICUT 06109-1212

19 -and-

20 ROBERT RACHOFSKY, ESQUIRE
21 ALLISON TAM, ESQUIRE**
22 WILLKIE, FARR & GALLAGHER, LLP
23 787 SEVENTH AVENUE
24 NEW YORK, NEW YORK 10019

25 REPRESENTING THE DOMESTIC INSURERS :

ANDREW R. HOLLAND, ESQUIRE
SIDLEY AUSTIN LLP
787 SEVENTH AVENUE
NEW YORK, NEW YORK 10019

-AND-

LISA M. PROCH, ESQUIRE
ONE GRIFFIN ROAD NORTH
WINDSOR, CONNECTICUT 06095

1 **Signifying Attendance Via Videoconference or
2 Speakerphone:

3 ALSO PRESENT:

4 Peter Sannizzaro, CEO and President of Talcott
5 Resolution Life Insurance Company and subsidiaries

6 Rob Siracusa, CFO of Talcott Resolution Life Insurance
7 Company and subsidiaries

8 Chris Cramer, Deputy General Counsel and Head of Tax
9 of Talcott Resolution Life Insurance Company and
10 subsidiaries

11 Bridget Dunn, Head of Government Affairs for Talcott
12 Resolution Life Insurance Company and subsidiaries

13 Mike Muscolino, Applicant and Co-Founding Partner of
14 Sixth Street*

15 Alan Waxman, Applicant and Co-Founding Partner and
16 Chief Executive Officer of Sixth Street*

17 Joshua Peck, Esq., Signatory for the entity Applicants
18 and General Counsel for Sixth Street*

19 Rohan Singhal, Managing Director of Sixth Street*

20 Joshua Easterly, Co-President and Co-Founding Partner
21 at Sixth Street*

22 Members of the Public not identified on the record*

23
24
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1 (Whereupon, the hearing commenced at 9:00 a.m.)

2 (Exhibits 1 through 22, marked and
3 admitted.)

4 MR. HERSHMAN: Good morning,
5 everyone, and I'd like to call this public hearing to
6 order. Welcome. This is the Connecticut Insurance
7 Department. I'm Josh Hershman, the Deputy
8 Commissioner for the Connecticut Insurance Department.

9 I've been appointed by Insurance
10 Commissioner Andrew Mais to preside at today's public
11 hearing, which is being held as a hybrid, both in
12 person at the Connecticut Insurance Department and
13 remotely via video and teleconference. So we have all
14 three options cooking right now.

15 And for those on the video, if for
16 whatever reason you can't see someone who is speaking,
17 please don't take offense to that. We're still
18 working out our technology.

19 This hearing, which will be
20 conducted in accordance with the Insurance
21 Department's Rules of Practice and Connecticut's
22 Uniform Administrative Procedure Act, has been called
23 in and is being held today pursuant to Section 38a-132
24 of the Connecticut General Statutes. That statute is
25 a part of the Connecticut Insurance Holding Company

1 Act, which consists of sections 38a-129 through
2 38a-140 of the Connecticut General Statutes.

3 The Insurance Holding Company Act
4 provides the statutory authority under which the
5 Insurance Commissioner is empowered to review the
6 acquisition of control over the management of
7 Connecticut domestic insurance companies, in order to
8 safeguard the financial security of such companies for
9 the protection of the policyholders.

10 In this proceeding, the subject of
11 regulatory review is a Form A Application dated
12 February 3, 2021 as amended and restated on May 14,
13 2021.

14 During this hearing I'll refer to
15 the application as amended as the Form A, Sutton
16 Holdings, GP, LLC, Sutton Holdings Investments, Ltd,
17 Sutton Investments, LLC, TAO Sutton Holdings, LLC, TAO
18 Insurance Holdings, LLC, TAO Sutton Parent, LLC, Sixth
19 Street TAO Partners, L.P., Sixth Street TAO Partners
20 (A), L.P., Sixth Street TAO Partners (B), L.P., Sixth
21 Street TAO Partners (C), L.P., Sixth Street TAO
22 Partners (D), L.P., Sixth Street TAO Partners (E),
23 L.P., Sixth Street TAO Partners (F), L.P., Super TAO
24 MA, L.P., Super TAO Contingent MA, L.P., Knight TAO,
25 L.P., PSERS TAO Partners Parallel Fund, L.P., A.

1 Michael Muscolino, and Alan Waxman are the named
2 applicants in the format. I guess they ran out of
3 possible Ltds., and I may refer to them collectively
4 during this hearing as the Applicants or to
5 Mr. Muscolino or Waxman personally.

6 The Form A was filed pursuant
7 Section 38a-130 of the Connecticut General Statutes,
8 and requests the Insurance Commissioner's approval of
9 the Applicants' proposed acquisition of control of the
10 Connecticut-domiciled insurance companies: Talcott
11 Resolution Life Insurance Company, Talcott Resolution
12 Life and Annuity Insurance Company, American Maturity
13 Life Insurance Company, and Talcott Resolution
14 International Life Reassurance Corporation, which I
15 may refer to in this hearing as "the Domestic
16 Insurers" or "Talcott."

17 The Proposed Acquisition would be
18 effected pursuant to the terms of the Merger Agreement
19 dated as of January 18,2021, by and among the Domestic
20 Insurers and Applicants. Under Section 38a-132 of the
21 General Statutes, the Insurance Commissioner must
22 approve the Proposed Acquisition of control of the
23 Domestic Insurers unless, after the public hearing,
24 the Commissioner finds one of the following:

25 (1) That after the change of

1 control, the domestic insurance companies would not be
2 able to satisfy the requirements for the issuance of a
3 license to write the line or lines of business for
4 which they are presently licensed;

5 (2) That the effect of the merger or
6 other acquisition of control would be to substantially
7 lessen competition of insurance in the state or tend
8 to create a monopoly therein;

9 (3) That the financial condition of
10 any acquiring party is such as might jeopardize the
11 financial stability of the insurance companies or
12 prejudice the insurance of their policyholders;

13 (4) That the plans or proposals of
14 the acquiring party to liquidate the insurance
15 companies or to sell such insurance companies' assets
16 or to consolidate or merge such insurance companies
17 with any person or to make any other material change
18 in its business or corporate structure or management,
19 are unfair and unreasonable to policyholders of the
20 insurance companies and not in the public interest;

21 (5) That the competence, experience
22 and integrity of those persons who would control the
23 operation of the insurance companies are such that it
24 would not be in the interest of the companies'
25 policyholders and of the public to permit the merger

1 or other acquisition of control; or.

2 (6) That the acquisition is likely
3 to be hazardous or prejudicial to those buying
4 insurance.

5 In addition, section 38a-8 of the
6 Connecticut General Statutes provides that the
7 Insurance Commissioner has all of the powers
8 specifically granted and all the powers that are
9 reasonably necessary to protect the public interest in
10 accordance with the duties imposed by the Connecticut
11 insurance statutes.

12 Following the opening of this docket
13 and commencement of the proceeding with the initial
14 filing of the Form A on February 3, 2021 the, staff of
15 the Insurance Department advised the Applicants that
16 additional information was needed in order for the
17 Form A to be fully substantially complete.

18 On May 14, 2021 the Applicants filed
19 an Amended and Restated Form A Application with
20 additional exhibits and supplements that addressed
21 matters contained in the Department's letters.

22 On May 26, 2021 Insurance
23 Commissioner Mais ordered that a public hearing be
24 held on June 15, 2021 to consider the granting of
25 approval of the Proposed Acquisition. In compliance

1 with Section 38a-132 of the Connecticut General
2 Statutes, a copy of the notice of this public hearing
3 was published in the Hartford Courant once a week for
4 two consecutive weeks, and the notice of the public
5 hearing was uploaded to the Connecticut State Agency
6 Public Meeting Calendar.

7 Notice of the public hearing was
8 also posted on the Insurance Department's Internet Web
9 site. The notice indicated that the entire official
10 record of the proceedings was available for public
11 inspection at the Insurance Department and that the
12 Department was accepting written statements concerning
13 the proposed acquisition of control of the Domestic
14 Insurer. In this regard I'll note that the Department
15 did not receive any correspondence from the public.

16 In accordance with the Insurance
17 Department's Rules of Practice, the Applicants and
18 Domestic Insurers are designated as parties to the
19 proceeding.

20 At this point I would like to ask
21 counsel, who have filed appearances in the
22 proceedings, to introduce themselves and identify on
23 whose behalf they are appearing. If you're on the
24 line and you're not on mute, can you turn yourself off
25 mute until you want to speak? Thank you for going on

1 mute. I'd like to have you introduce yourselves.

2 MS. RETERSDORF: Elizabeth
3 Retersdorf from Day Pitney. I'm here with Robert
4 Rachofsky and Allison Tam from Willkie Farr &
5 Gallagher to represent the Applicants.

6 MR. RACHOFSKY: Robert Rachofsky,
7 Willkie Farr.

8 MS. TAM: Allison Tam from Willkie
9 Farr on behalf of the applicant.

10 MR. HOLLAND: Andrew Holland from
11 Sidley Austin on behalf of the Domestic Insurers with
12 Lisa Proch on behalf of the Domestic Insurers.

13 MR. HERSHMAN: Thank you. Though
14 not designated as parties to this proceeding, members
15 of the Connecticut Insurance Department staff will
16 have the right to ask questions of the witnesses at
17 this hearing. Joining me today from the Department
18 staff are Kathy Belfi, Director of the Financial
19 Regulatory Division; Joan Nakano, Supervising
20 Insurance Examiner; Kenneth Cotrone, Insurance
21 Certified Supervising Examiner; and Jennifer Dowty,
22 counsel to the Insurance Department.

23 Attorney Dowty, has the Insurance
24 Department received any application or petition from
25 anyone requesting to be made a party or to otherwise

1 intervene in this proceeding?

2 MS. DOWTY: No.

3 MR. HERSHMAN: In accordance with
4 the Insurance Department's Rules of Practice,
5 specifically sections 38a-852 of the Regulations of
6 Connecticut State Agencies, all written testimony
7 filed shall be received in evidence with the same
8 force and effect as though such testimony had been
9 given orally by the witness, provided that each such
10 witness is actually present at this hearing and adopts
11 their written testimony under oath, and makes himself
12 or herself available for cross-examination. Also,
13 prior to its admission into the record, any written
14 testimony is subject to objections by any party.

15 At this point I would like to enter
16 into the record the stipulated list of exhibits. The
17 list identifies 22 documents, which have been
18 stipulated to as full exhibits by the parties to this
19 proceeding. These exhibits include the Form A itself
20 as well as the exhibits thereto, all copies of
21 communications between the Department and the
22 Applicants, which includes requests for additional
23 information, and all the responses provided to the
24 Department and the written testimony submitted by the
25 Applicants and the Domestic Insurers. A copy of the

1 exhibits listed is available on the Insurance
2 Department's Web site today.

3 In a moment Attorney Retersdorf will
4 have the opportunity to make a brief opening statement
5 on behalf of the Applicant and may introduce
6 additional testimony, if any. After that, Attorney
7 Holland will be given an opportunity to do the same on
8 behalf of the Domestic Insurers.

9 At the conclusion of the parties'
10 presentation, the Insurance Department staff will be
11 given an opportunity to cross-examine the witnesses
12 for the Applicant and Domestic Insurers. Finally, the
13 Applicants and Domestic Insurers will have an
14 opportunity to make closing statements, if they wish.
15 At this point members of the public will have an
16 opportunity to comment on the Application.

17 With respect to the public comment
18 portion of this hearing, a teleconference line was
19 made available established specifically for members of
20 the public to listen to today's hearing and for
21 persons interested in presenting comments to me.

22 After completing the public comment
23 portion of the hearing, I'll ask the representatives
24 of the Applicants and the Domestic Insurers if they
25 wish to respond generally or specifically to any

1 public comments presented and/or offer any concluding
2 remarks in support of the Form A Application before
3 me. The Department staff will then have an
4 opportunity to ask any further questions.

5 With that, finally I'll ask Attorney
6 Retersdorf and Attorney Holland to please identify
7 those witnesses who are present and available to
8 testify, and we will have those individuals sworn in.

9 MS. RETERSDORF: Thank you. I'd
10 just like to take a moment to thank the Department and
11 specifically Ms. Belfi, Ms. Nakano, Mr. Cotrone and
12 Ms. Dowty for their thorough and diligent review of
13 the Application.

14 To introduce the individuals who are
15 here with us today, albeit virtually due to the unique
16 circumstances in the world right now, we have Michael
17 Muscolino. He's an Applicant and Co-Founding Partner
18 of Sixth Street; Joshua Peck, a Signatory for what
19 I'll refer to as the Entity Applicants and General
20 Counsel for Sixth Street; Alan Waxman, Applicant and
21 Co-Founding Partner and Chief Executive Officer of
22 Sixth Street; Rohan Singhal, Managing Director at
23 Sixth Street; and Joshua Easterly, Co-President and
24 Co-Founding Partner at Sixth Street.

25 Mr. Muscolino submitted pre-filed

1 testimony for this hearing. I'm happy to ask him if
2 he adopts his testimony after the witnesses are sworn
3 in, but I defer to the Hearing Officer and Ms. Dowty
4 if they would prefer to do that. Thank you.

5 MR. HERSHMAN: Great. Are there any
6 other witnesses?

7 MR. HOLLAND: On behalf of the
8 Domestic Insurers we have Pete Sannizzaro, who is the
9 CEO and President of the Domestic Insurers and Rob
10 Siracusa, who is the Chief Financial Officer of the
11 Domestic Insurers. Mr. Sannizzaro has also submitted
12 pre-filed testimony as an exhibit.

13 MR. HERSHMAN: Thank you. Please
14 swear in the witnesses.

15 (Whereupon, the witnesses who are
16 slated to testify were duly sworn
17 by the court reporter.)

18 MR. HERSHMAN: Attorney Retersdorf,
19 would you like to start introducing testimony?

20 MS. RETERSDORF: I have no testimony
21 to introduce other than to have the witnesses adopt
22 their pre-filed testimony. Jen, would you like me to
23 do that?

24 MS. DOWTY: I can handle that, thank
25 you.

1 MR. HERSHMAN: Is there any other
2 testimony, Attorney Holland, that you would like to
3 introduce?

4 MR. HOLLAND: Only our pre-filed
5 testimony.

6 MR. HERSHMAN: All right. So
7 without objection, we will -- or without any
8 additional testimony to be given or objection from the
9 Department, we'll now begin the cross-examination of
10 the witnesses for the Applicant and Domestic Insurers.

11 MS. DOWTY: Thank you. My first
12 question is for those individuals who submitted
13 pre-filed testimony. Those individuals are
14 Mr. Muscolino for the Applicant, and Mr. Sannizzaro
15 for the Domestic Insurers.

16 Please confirm for the record that
17 you have submitted pre-filed testimony with the
18 Department and that you now adopt this testimony under
19 oath and are available for examination by the
20 Department. Mr. Muscolino?

21 MR. MUSCOLINO: I confirm.

22 MS. DOWTY: Mr. Sannizzaro?

23 MR. SANNIZZARO: I confirm.

24 MS. DOWTY: My next questions are
25 directed to the signers of this Form A Application,

1 Joshua Peck, Mr. Muscolino and Mr. Waxman. Please
2 verify that in your Form A statement as filed with the
3 Department on the signature page you certified that
4 you were familiar with the Application and the
5 contents thereof, and that the facts contained in the
6 Form A statement were true to the best of your
7 knowledge, information and belief? Mr. Peck?

8 MR. PECK: I do.

9 MS. DOWTY: Thank you.

10 Mr. Muscolino?

11 MR. MUSCOLINO: I confirm.

12 MS. DOWTY: Thank you. Mr. Waxman?

13 Can you please un-mute yourself?

14 MR. WAXMAN: I confirm.

15 MS. DOWTY: Thank you.

16 MR. WAXMAN: Sorry. Apologies for
17 that.

18 MS. DOWTY: Do the statements
19 contained in your Application as amended and restated
20 remain true today to the best of your knowledge,
21 information and belief? Mr. Peck?

22 MR. PECK: Yes.

23 MS. DOWTY: Mr. Muscolino?

24 MR. MUSCOLINO: Yes.

25 MS. DOWTY: And Mr. Waxman?

1 MR. WAXMAN: Yes.

2 MS. DOWTY: Thank you. When your
3 entity filed the Form A statement that is the subject
4 of today's proceeding, did you ensure that you would
5 become aware of any changing facts or circumstances
6 that could impact the facts contained in this
7 statement? Mr. Peck?

8 MR. PECK: I'm not aware of any.

9 MS. DOWTY: Thank you.
10 Mr. Muscolino?

11 MR. MUSCOLINO: I confirm.

12 MS. DOWTY: Thank you. Mr. Waxman?

13 MR. WAXMAN: I confirm.

14 MS. DOWTY: Thank you. Are there
15 any material facts omitted from the Form A as amended
16 and restated that you would like to add? Mr. Peck.

17 MR. PECK: None.

18 MS. DOWTY: Mr. Muscolino?

19 MR. MUSCOLINO: No.

20 MS. DOWTY: And Mr. Waxman?

21 MR. WAXMAN: No.

22 MS. DOWTY: Thank you. Are there
23 any misleading statements in the Form A as amended and
24 restated that need to be changed? Mr. Peck?

25 MR. PECK: No.

1 MS. DOWTY: Mr. Muscolino?

2 MR. MUSCOLINO: No.

3 MS. DOWTY: Mr. Waxman?

4 MR. WAXMAN: No.

5 MS. DOWTY: Thank you. Have there
6 been any material changes to the facts, statements or
7 representations in the Form A since the most recent
8 amendment and restatement? Mr. Peck?

9 MR. PECK: No.

10 MS. DOWTY: Mr. Muscolino?

11 MR. MUSCOLINO: No.

12 MS. DOWTY: Mr. Waxman?

13 MR. WAXMAN: No.

14 MS. DOWTY: Thank you. Since the
15 filing of the amended and restated Form A, have there
16 been any material transactions, any material lawsuits,
17 any material claims, any material contracts entered
18 into or any material event of any kind involving any
19 member of the Applicant or, to your knowledge, the
20 Domestic Insurers that have not been disclosed to the
21 Department? If materiality is a question, please err
22 on the side of considering the event or transaction
23 material. Mr. Peck?

24 MR. PECK: No.

25 MS. DOWTY: Mr. Muscolino?

1 MR. MUSCOLINO: No.

2 MS. DOWTY: Mr. Waxman?

3 MR. WAXMAN: No.

4 MS. DOWTY: Thank you. My final
5 questions are not directed at any one individual but
6 to whomever is most appropriate to respond. I just
7 ask that before responding, please identify yourself
8 for the record.

9 Please describe your plans to be
10 able to satisfy the requirements for the issuance of
11 an insurance license to write the lines of business
12 for which the Domestic Insurers are presently
13 licensed.

14 MR. MUSCOLINO: This is Mike
15 Muscolino, one of the Applicants. I think the
16 Domestic Insurers are currently licensed. The
17 Applicants have no plans to make any changes,
18 management, business or operations of the Domestic
19 Insurers, and therefore believe the Domestic Insurers
20 will be able to continue to perform their obligations
21 under the licensure.

22 MS. DOWTY: Thank you. At a high
23 level describe what, if any, effect the Proposed
24 Acquisition will have in substantially lessening the
25 competition of insurance in Connecticut or tend to

1 create a monopoly in Connecticut.

2 MR. MUSCOLINO: Again, this is Mike
3 Muscolino. The Applicants currently do not write
4 insurance business in the State of Connecticut or in
5 any other state in the United States, and therefore
6 don't believe -- in conjunction with the prior
7 statement, have no material changes in the Domestic
8 Applicant's business. There won't be any impact on
9 competition and lessening or creation of a monopoly.

10 MS. DOWTY: Thank you. Please speak
11 as to whether the financial condition of the
12 Applicants might jeopardize the financial stability of
13 the Domestic Insurer or prejudice the interests of the
14 policyholders.

15 MR. MUSCOLINO: Mike Muscolino. The
16 financial condition of the Applicants is strong. The
17 primary source of capital is coming from the TAO
18 Funds, which have \$24.7 billion of committed capital
19 as of February, I believe, and so that's more than
20 sufficient financial wherewithal to provide support,
21 if necessary, to the Domestic Insurers and in no would
22 jeopardize the policyholders.

23 MS. DOWTY: Do the Applicants have
24 any plans or proposals to liquidate the Domestic
25 Insurers, sell their assets or consolidate or merge

1 them with any person or to make any other material
2 change to their business or corporate structure or
3 management?

4 If so, describe how these plans or
5 proposals would not be unfair or unreasonable to
6 policyholders of the Domestic Insurers and not in the
7 public interest.

8 MR. MUSCOLINO: This is Mike
9 Muscolino. There are no plans to make material
10 changes to the businesses of the Domestic Insurers.

11 MS. DOWTY: Thank you. At a high
12 level, and from the view point of the Applicants, tell
13 us whether the competence, experience, integrity of
14 the persons who will be in control of the operation of
15 the Domestic Insurers are such that it would not be in
16 the public interest of the policyholders of the
17 Domestic Insurers and of the public to permit Proposed
18 Acquisition.

19 MR. MUSCOLINO: So as stated,
20 there's no plans to make any material changes to the
21 management team, the directors, other than the
22 directors representing the selling shareholders or
23 potentially the independents or the executives and
24 officers.

25 Having reviewed the backgrounds of

1 the management team and the executive officers, we
2 believe they are highly competent in running the
3 business and have done so to date, and so the
4 Applicants feel strongly that the competency of the
5 existing management team around the business is
6 strong.

7 In addition, myself, Alan Waxman,
8 and the Applicants have a long experience in investing
9 Risk Management and believe will be the additive to
10 the management of the business of the Domestic
11 Insurers.

12 MS. DOWTY: Thank you. Lastly, tell
13 us why, from the viewpoint of the Applicants, the
14 Proposed Acquisition would not likely be hazardous or
15 prejudicial to those buying insurance.

16 MR. MUSCOLINO: It's Mike Muscolino
17 again. Sorry, I didn't introduce myself last time.
18 Again, we expect the business to be managed in the
19 same manner as it has been managed well. That is, the
20 existing management team we think is highly competent.
21 We don't expect to change the businesses or practices
22 of the business in any material way. So we don't
23 think this is in any way prejudicial to policyholders.

24 MS. DOWTY: Thank you. I'll now
25 turn questioning over to Kenneth Cotrone.

1 MR. COTRONE: My questions are not
2 directed at any one individual, but to whomever is
3 most appropriate to respond. I just ask that before
4 responding, please state your name for the record.

5 Would you please confirm for the
6 record that there are no changes in the financing for
7 the transaction as represented in the Form A
8 Application.

9 MR. MUSCOLINO: It's Mike Muscolino
10 and confirmed.

11 MR. COTRONE: Thank you. And what
12 we hope will be an unlikely event, would you please
13 confirm that you agree to work with the Department to
14 have unrestricted access to software and systems in
15 order to continue to run the Domestic Insurers should
16 they be placed under an order of supervision,
17 rehabilitation or liquidation.

18 MR. MUSCOLINO: It's Mike Muscolino.
19 I can confirm the Applicants will work with the
20 Department as necessary in that circumstance.

21 MR. COTRONE: Thank you. Please
22 verify that you do not contemplate moving the Domestic
23 Insurers' books, records, documents, accounts,
24 vouchers and agreements from their current approved
25 location, and you shall make all such items available

1 for inspection by the Commissioner at any time.

2 MR. MUSCOLINO: It's Mike Muscolino.
3 I can confirm all of that.

4 MR. COTRONE: Thank you. Please
5 confirm that employee levels for the Domestic Insurers
6 will remain approximately consistent with the current
7 staffing levels of 340 persons, and that the Domestic
8 Insurers' offices will remain in Connecticut for at
9 least the next four years post-closing as submitted in
10 a commitment letter to the Department.

11 MR. MUSCOLINO: It's Mike Muscolino.
12 Again, I can confirm.

13 MR. COTRONE: Thank you. The
14 Application indicates the Domestic Insurers' intent to
15 grow over time through business acquisitions. Can you
16 provide your outlook on your vision for Connecticut
17 employee growth as a result.

18 MR. MUSCOLINO: Sure. It's Mike
19 Muscolino. As stated in the Form A, growth will be a
20 focus of the Applicants and Domestic Insurers. The
21 team and the operation will stay in place, and so we
22 would hope and expect that this growth strategy will
23 both provide enhanced career opportunities for the
24 existing employee base, and we would hope potential
25 for growth in the employee base in Connecticut.

1 MR. COTRONE: Thank you. I'll now
2 turn questioning over to Kathy Belfi.

3 MS. BELFI: Yes. Good morning.
4 Again, my questions are not directed at any
5 individual, but whomever is most appropriate to
6 respond. Again, if you would just state your name
7 before you respond.

8 It appears that Sixth Street has
9 limited exposure in investing in insurance companies.
10 I believe there is no exposure in the U.S. Can you
11 explain why this investment is a good fit for Sixth
12 Street.

13 MR. MUSCOLINO: Sure, it's Mike
14 Muscolino. It's correct, Sixth Street has no control
15 investments in domestic insurance companies. Sixth
16 Street does own three life insurance companies
17 domiciled in The Netherlands and regulated by the DNB.
18 In addition, over time we've made past investments in
19 insurance entities. We do believe that Talcott
20 platform is a good long-term investment for the TAO
21 Funds.

22 As has been stated, it's a very
23 well-run business, strong management team, strong
24 governance, strong risk management, and we believe
25 that will be a strong platform or growth.

1 We believe that the TAO Funds are
2 uniquely positioned to be good long-term owners of the
3 insurance company for a couple of reasons. (1) The
4 TAO Funds are long in duration and they have no fixed
5 redemption date or end-of-fund life. And, secondly,
6 the return of targets are lower than traditional
7 private equity commensurate it with appropriate growth
8 to grow the insurance base.

9 MS. BELFI: Okay. Thank you. And I
10 think you just touched on it, but as an investment in
11 an insurance company, there's clearly a very long-term
12 commitment here. Can you maybe elaborate a little bit
13 more about the fund investors and their specific
14 understanding regarding rate of returns and the
15 long-term commitments that insurance companies
16 require.

17 MR. MUSCOLINO: Sure. It's Mike
18 Muscolino. Very good question, and something we take
19 very seriously in regards to the investments in
20 operating insurance companies and ensuring protection
21 of policyholders is to recognize the long duration of
22 the insurance company liabilities to ensure that the
23 investors will be participating in the insurance
24 investment understand, as you said, the duration,
25 potential duration of that investment.

1 So as I stated, the TAO Funds were
2 designed to be long-duration holders of investments as
3 necessary. The vehicle is structured in a way, as I
4 said, that does not have a traditional end-of-fund
5 life as you may see in closed private equity funds.

6 So once the TAO Funds have made an
7 investment, they can hold that investment until the
8 control person decides that that investment should be
9 modified, so that can be a very long hold period.

10 In terms of expectations, the
11 disclosure made to investors when they choose to
12 invest is very clear in the structure of the duration
13 and timing. And in terms of expected rate of returns,
14 I think you asked, again, the expected rate of returns
15 are lower than traditional private equity, and we
16 think more commensurate with targeted returns of
17 strategic insurance companies and are well aligned
18 with a long-term goal to meet insurance base with a
19 potential for growth.

20 MS. BELFI: Just as a followup, what
21 do you consider your target rate of return as you
22 think about insurance companies?

23 MR. MUSCOLINO: I think levels
24 commensurate it with insurance company targets, which
25 are generally the low to mid teens.

1 MS. BELFI: Okay. Thank you.
2 Someone's on hold. You state that one of the material
3 assets being acquired and you state it in the Form A,
4 and you've already stated it here in the hearing, that
5 is the employee expertise of the Domestic Insurers.

6 Can you describe any changes right
7 now that you contemplate in areas of risk, risk
8 appetite, risk tolerance, culture, governance, hedging
9 programs, and even any change in employee composition
10 base.

11 MR. MUSCOLINO: It's Mike Muscolino.
12 Again, no currently contemplated changes. We hope
13 that the Applicants' background can help support the
14 management team. But given the expertise and the good
15 job that's been done to date, we don't expect any
16 material changes in any of the areas you mentioned.

17 MS. BELFI: Okay. Do you envision
18 the Company's Board parent to have any engagement in
19 the day-to-day operations of the Domestic Insurers?

20 MR. MUSCOLINO: This is Mike
21 Muscolino again. The short answer is no. The Board's
22 job is to help management set strategy and vision.
23 But the day-to-day operations of the business will be
24 left to Pete and his very capable management.

25 MS. BELFI: Okay, thank you. My

1 next question is directed to Peter Sannizzaro just
2 representing the Domestic Insurers. Peter, it seems
3 like we've been here before not too long ago. So a
4 second change of control in a few years. So why, in
5 your view, in your company's view, is this an
6 appropriate transaction for you.

7 MR. SANNIZZARO: Thanks, Kathy, for
8 the question. First, thank you for the opportunity to
9 comment. First, I just want to reinforce, as CEO of
10 Talcott, I do fully support the proposed transaction.
11 I believe Sixth Street is the right partner at the
12 right time.

13 They share our vision for not just
14 growing Talcott, but for prudently growing Talcott,
15 and I'm confident that doing so will benefit our
16 employees, our policyholders, and the State of
17 Connecticut.

18 As we know, we've been trying to
19 grow Talcott for the last three years. Pandemic
20 aside, I think we've made great strides in building
21 relationships and our brand within the industry, and
22 with Sixth Street's long-term view on capital,
23 additional funding, and expertise, I believe we'll be
24 formidable in executing upon that strategy.

25 MS. BELFI: Thank you. I have no

1 further questions. I'll turn the questions over to
2 Joan.

3 MS. NAKANO: Thank you, Kathy. My
4 questions are not directed TO any one individual, but
5 to whomever is most appropriate to respond. I just
6 ask that before responding, please state your name for
7 the record.

8 You may have touched on some of my
9 questions in Kathy's, in your comments to Kathy's
10 questions, but I'm just going to ask them again for
11 the record.

12 You have stated in your Form A that
13 you expect the Domestic Insurer to pursue transactions
14 in the future. At a high level can you describe your
15 expectations and timeline for pursuing these
16 transactions?

17 MR. MUSCOLINO: Sure. It's Mike
18 Muscolino. Look, I think we hope and expect the
19 Domestic Insurers to pursue these growth opportunities
20 immediately upon closing. Our sense is the market is
21 somewhat active, even today. But as I'm sure you can
22 appreciate, the actual consummation of transactions is
23 quite unpredictable and subject to competition and
24 other factors in the market.

25 So we absolutely expect to be in the

1 market looking for growth. We'll keep the Department
2 actively comprised of that progress. But it's very
3 hard to predict actual consummation of transactions
4 given the competitive nature of the market generally.

5 MS. NAKANO: And just to follow up
6 on that, what would be your reaction if, like you say,
7 you don't have any successful investments within like
8 say a two-year period.

9 MR. MUSCOLINO: We are a believer in
10 this business. We have every expectation and hope
11 that the strategy of growth will be successful, but we
12 also believe we have a very capable management team
13 that's more than capable of managing the business in
14 that unlikely event.

15 MS. NAKANO: Thank you. Within the
16 Application you have referred to the Domestic
17 Insurer's pursuit of blocks of business within their
18 core expertise. At a high level can you describe
19 those lines of business.

20 MR. MUSCOLINO: Sure. It's Mike
21 Muscolino. Again, I hate to keep harping on it, but
22 as I think the Department's aware, the management team
23 is long tenured and experienced with a wealth of
24 experience. And so when we think about what is core
25 or within their capability set, we think that includes

1 fixed annuities, variable annuities, structured
2 settlements, hedge and risk transfer.

3 So a relatively wide breadth of
4 insurance liabilities, which this team is real
5 experienced either in their current seats at Talcott
6 or previously, most of them, at The Hartford over many
7 years.

8 MS. NAKANO: Thank you. At a high
9 level can you describe the process of infusing money
10 into our domestic companies for capital support to
11 support the growth such as purchasing or reinsurance
12 or blocks of business.

13 MR. MUSCOLINO: Sure. It's Mike
14 Muscolino again. I'd say in the first instance, as I
15 think the Department's aware, the Talcott business has
16 significant excess capital meaningfully above targets.
17 I think in the first instance the company looked at
18 prudently to deploy that capital, and then the
19 Applicants, along with management, will avail all
20 tools that make sense at the time in terms of new
21 capital that may be required.

22 That may be calling capital from the
23 TAO Funds Applicants. As I mentioned, the TAO Funds
24 have close to \$25 billion in capital as of February
25 and/or other means of raising capital, which could be

1 raising capital externally, reinsurance contracts or
2 even debt financing over time. So we think that the
3 team, the management team, will have many tools at
4 their disposal to support that growth.

5 MS. NAKANO: So as a followup, would
6 these same tools be used to infuse money for the need
7 for solvency or for operations?

8 MR. MUSCOLINO: Absolutely,
9 absolutely, including the ability to call capital from
10 the TAO Funds. Sorry, Mike Muscolino again.

11 MS. BELFI: Joan, do you mind if I
12 ask a followup? So if there were the need for capital
13 due to solvency -- Sometimes, you know, it's not like
14 you're waiting for a pending transaction so you can
15 call on capital, but it could be an immediate need if
16 there is a true solvency concern. Very rarely do they
17 come up quickly.

18 But in the unlikely event it did,
19 how quickly could you think you could infuse capital
20 contributions for solvency concerns into any of the
21 Talcott companies?

22 MR. MUSCOLINO: It's Mike Muscolino.
23 That's a very good question. Look. As I mentioned,
24 the Applicants can avail themselves of the capital
25 commitments of the TAO vehicles. Those monies can be

1 called, I believe, within 10 business days.

2 But the TAO Funds do also have, to
3 support liquidity needs, specifically a bank facility,
4 which is effectively collateralized by those
5 commitments by the TAO investors, which we could fund
6 off of immediately, I believe, and Josh Peck, our
7 general counsel, can follow that up if we have
8 anything to add. But I believe we have immediate
9 access to that subscription line facility, it's
10 called.

11 MS. BELFI: Thank you.

12 MR. HERSHMAN: Okay. I have one
13 followup question for you, Mr. Muscolino. Can you
14 confirm that upon the completion of this transaction
15 that the Domestic's market share would not
16 significantly be impacted whether it grows or gets
17 smaller?

18 MR. MUSCOLINO: Yes, Mike Muscolino.
19 We don't expect any material changes in market share
20 and we hope to grow with the help of insuring. But
21 I'll also say again it'll be subject to the
22 availability in the market and our success rate in the
23 market.

24 MR. HERSHMAN: Great. Thank you.
25 Okay. Does the Department have anymore questions for

1 the Applicant or Domestic Insurers?

2 MS. DOWTY: The Department believes
3 it can fully evaluate the Application based upon the
4 oral and written testimony, facts and evidence that
5 have been submitted. At this time I would just like
6 to note that the commitment letter that was previously
7 been referenced is still pending final approval, but
8 we believe that it will be submitted to our
9 satisfaction. We have no additional questions of the
10 parties.

11 MR. HERSHMAN: Thank you. Before we
12 commence with the public comment portion of the
13 hearing would the Applicants or Domestic Insurers
14 like, at this time, to present any closing statements?

15 MS. RETERSDORF: No. We would like
16 to say thank you for the opportunity to present to you
17 today and ask for the Department's consideration of
18 the application.

19 MR. HERSHMAN: Thank you.

20 MR. HOLLAND: The Domestic Insurers
21 waive the closing statement.

22 MR. HERSHMAN: Thank you. All
23 right. At this time we'll commence the public comment
24 portion of the hearing. Is there anyone on the public
25 teleconference line that would like to make a public

1 comment? If so, please state your full name and what,
2 if any, entity you are speaking on behalf of. All
3 right. I'm going to give five more seconds. Okay.

4 I'd like the record to reflect that
5 no one on the public teleconference line has asked to
6 make a public comment. With that, today's hearing is
7 hereby adjourned at 9:39 on June 15, 2021, and the
8 record of this hearing is closed. Thank you, all.

9 (Whereupon, this hearing was
10 concluded at 9:39 a.m.)

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CERTIFICATE OF REPORTER

I, Jacqueline V. McCauley, a Notary Public duly commissioned and qualified in and for the State of Connecticut, do hereby certify that the Connecticut Insurance Department hearing was taken on June 15, 2021 at 9:00 a.m., and reduced to writing under my supervision; that this deposition is a true record of the testimony given by the witnesses.

I further certify that I am neither attorney nor counsel for, nor related to, nor employed by any of the parties to the action in which this hearing is taken, and further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, or financially interested in the action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this 15th day of June, 2021.



Jacqueline V. McCauley
Notary Public

My Commission expires: 12/31/2025