
In the Matter of the Acquisition of State Auto
Insurance Company of Wisconsin by Liberty
Mutual Holding Company Inc., LMHC
Massachusetts Holding Inc., and Liberty
Mutual Group Inc.

PROPOSED DECISION

Petitioners.

Case No. 21-C44135

Amy J. Malm, Hearing Examiner, Presiding

APPEARANCESFor the Office of the
Commissioner of Insurance:

Mark McNabb, Company Licensing and Analytics Supervisor
Christopher Martin, Domestic Licensing Specialist
Division of Financial Regulation
125 South Webster Street
Madison, Wisconsin 53703

For the Petitioners:

Richard P. Quinlan, Esq.
Deputy General Counsel, Executive Vice President and Manager
Liberty Mutual Group
175 Berkeley Street
Boston, MA 02116

Nik Vasilakos
Head of Global M&A
Liberty Mutual Group
175 Berkeley Street
Boston, MA 02116

Nora Marantz, Esq.
Vice President and Senior Corporate Counsel
Liberty Mutual Group
175 Berkeley Street
Boston, MA 02116

Other appearances:

Zachary Bemis
Godfrey & Kahn SC
P.O. Box 2719
One East Main Street, Suite 500
Madison, WI 53701

PRELIMINARY

Pursuant to a Notice of Hearing dated November 4, 2021, a hearing was held by teleconference on or about 9:00 a.m. on November 23, 2021, to determine whether the Petitioners' application for approval of the plan for acquisition of control should be granted. Based on the record, the Hearing Examiner makes the following:

PROPOSED FINDINGS OF FACT

- (1) Liberty Mutual Holding Company Inc., 175 Berkeley Street, Boston, MA 02116, (the Petitioner).
- (2) State Auto Insurance Company of Wisconsin, 1425 Memorial Drive, Wisconsin 54220, is a Wisconsin stock Insurance company.
- (3) The Petitioner filed with the Office of the Commissioner of Insurance an application for approval of the acquisition State Auto Insurance Company of Wisconsin
- (4) The Petitioners were served with a Notice of Hearing.
- (5) The Petitioners fulfilled the filing requirements of s. Ins 40.02, Wis. Adm. Code.
- (6) The plan will not violate the law or be contrary to the interests of the insureds of State Auto Insurance Company of Wisconsin.
- (7) After the acquisition of control, State Auto Insurance Company of Wisconsin. will be able to satisfy the requirements for the issuance of a license to write the lines of insurance for which it is presently licensed.
- (8) The effect of the acquisition of control will not be to create a monopoly or substantially to lessen competition in any type or line of insurance in Wisconsin.
- (9) The financial condition of Liberty Mutual Holding Company Inc. is not likely to jeopardize the financial stability of State Auto Insurance Company of Wisconsin or to prejudice the interests of its Wisconsin policyholders.
- (10) There are no plans or proposals to liquidate the domestic insurer, State Auto Insurance Company of Wisconsin, to sell its assets (other than investment portfolio transactions in the ordinary course of business), or to consolidate or merge it with any person or make any other material change in its business or corporate structure other than as described in the plan.
- (11) The competence and integrity of the persons who will control the operation of the domestic insurer, State Auto Insurance Company of Wisconsin, are such that it will be in the interest of the policyholders and the public to permit the acquisition of control.

PROPOSED CONCLUSION OF LAW

- (12) The proposed findings of fact set forth above establish that the requirements of s. 611.72 and ch. 227 and 617, Wis. Stat., and ch. Ins 40, Wis. Adm. Code, have been satisfied and approval of the plan should be granted.

PROPOSED ORDER

NOW, THEREFORE, based upon the findings of fact and conclusion of law, I hereby recommend that:

- (13) The petitioner shall, within ten (10) business days after closing, attest that the following agreements submitted with the Form D filings, that accompanied the Form A, have been filed with all applicable regulatory jurisdictions for approval or non-disapproval:

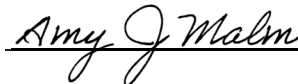
- (a) Management Services Agreement

- (b) Cash Management Agreement
- (c) Investment Management Agreement
- (d) Federal Tax Sharing Agreement
- (e) Commutation of Reinsurance Agreement
- (f) Reinsurance Pooling Agreement

(14) The petitioner shall, within (10) business days after receiving all regulatory approvals, provide executed copies of the agreements listed in paragraph (13), that accompanied the Form A.

(15) Subject to paragraphs (13) and (14), the Petitioners' request for approval of the plan for acquisition of control should be approved.

Dated at Madison, Wisconsin, this 2nd day of December 2021.

A handwritten signature in cursive script that reads "Amy J. Malm". The signature is written in black ink and is positioned above a solid horizontal line.

Amy J. Malm
Hearing Examiner