



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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Theodore K. Nickel, Commissioner

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DATE: February 24, 2016 [REDACTED]
TO: Rebecca Easland
Richard Hinkel *RAH*
FROM: Kristin Forsberg
SUBJECT: Form A – Acquisition of Control of a Domestic Insurer
Superior Vision Insurance Plan of Wisconsin, Inc. [Case No. 15-C41067]

Form A Filing Contacts:

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Form A Exhibits (filed with the Wisconsin OCI on December 14, 2015):

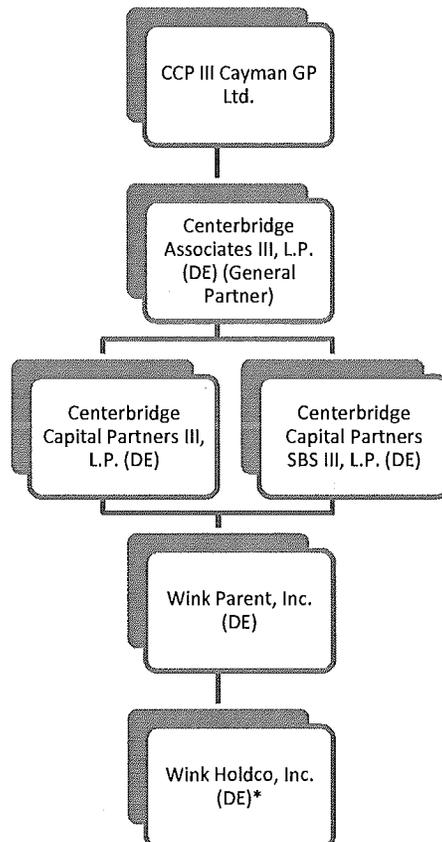
- Exhibit A Stock Purchase Agreement
- Exhibit B Quarterly Statements of Centerbridge Capital Partners III, L.P. ("Centerbridge III") as of 6/30/15
- Exhibit C Quarterly Statements of Centerbridge III as of 9/30/15
- Exhibit D Pre-Acquisition Organizational Chart of the Applicants
- Exhibit E Post-Acquisition Organizational Chart
- Exhibit F List of Current Directors of CCP III Cayman GP Ltd. ("CCP") and Proposed Directors and Executive Officers of Wink Parent, Inc. ("Wink Parent") and Wink Holdco, Inc. ("Wink Holdco")
- Exhibit G List of Proposed Directors and Executive Officers of Superior Vision Insurance Plan of Wisconsin, Inc. (the "Domestic Insurer")
- Exhibit H Biographical Affidavits
- Exhibit I Commitment Letter
- Exhibit J Financial Projections
- Exhibit K Form AA - Consent to Jurisdiction Forms

Background

The Acquirer(s)/Applicant(s): The Applicants are CCP, Centerbridge III, Centerbridge Capital Partners SBS III, L.P. ("Centerbridge SBS III"), Wink Parent and Wink Holdco. The Applicants are part of the Centerbridge group of companies. Centerbridge Partners, L.P. (the "Firm"), is a multi-strategy private investment firm focused on private equity and credit investment opportunities. The Firm has over \$25 billion of assets under management, and is based in New York City (with an additional office in London and small support offices in Luxembourg and the Netherlands). The Firm is a "hybrid" alternative investment fund, in that it invests in both control (private equity and public debt with a "loan-to-own" strategy) and non-control situations (public market debt, public market equities, and other publicly traded securities).

The Firm was founded in 2005 by Jeffrey Aronson and Mark Gallogly. Mr. Aronson had previously been a Partner at Angelo, Gordon & Co., where he led all the firm's distressed securities and leveraged loan efforts. Mr. Gallogly was formerly a senior managing director and the head of private equity investments and a member of the management and investment committees at The Blackstone Group, L.P.

Below is an abbreviated organizational chart of the Applicants' holding company system:



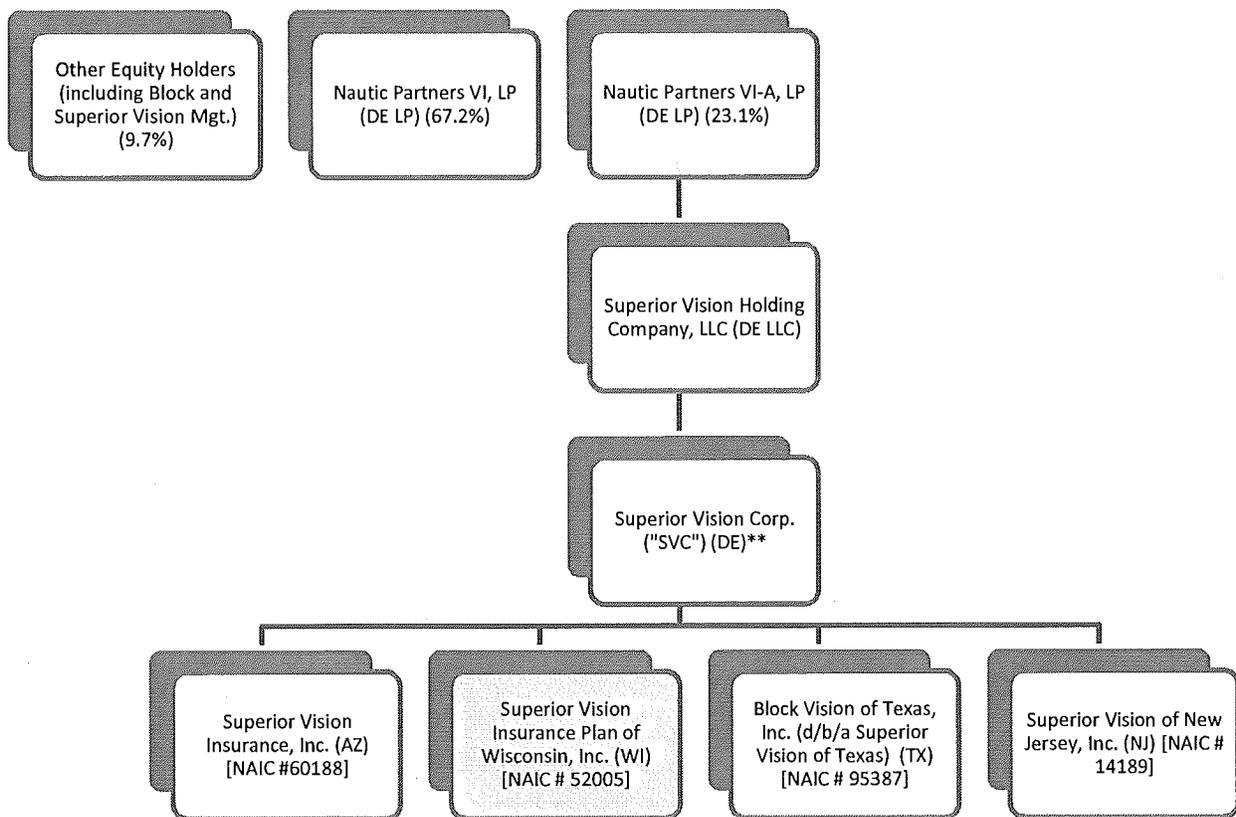
*Post-acquisition, Wink Holdco will own 100% of Superior Vision Corp. ("SVC") – the Domestic Insurer's parent. All debt incurred in financing this transaction (estimated to [REDACTED]) will be held at Wink Holdco.

- **CCP III Cayman GP Ltd.:** CCP is a Cayman Islands exempted company formed in 2014, and is the ultimate controlling party of each of Centerbridge III and Centerbridge SBS III (the "Funds"). CCP has two directors, and no executive officers. No person owns more than 10% of the outstanding voting securities of CCP.

- Centerbridge Capital Partners III, L.P. and Centerbridge Capital Partners SBS III, L.P.: Centerbridge III and Centerbridge SBS III are limited partnership private equity investment funds established in 2014. The Funds will provide most of the equity financing in connection with the Proposed Acquisition (with certain additional equity being contributed by the Rollover Shareholders). The Funds have \$6.2 billion in committed capital.
- Wink Holding Companies: Wink Holdco and Wink Parent are newly established DE holding companies incorporated in November 2015 for the purpose of consummating the proposed acquisition and related transactions. All of the issued and outstanding shares of Wink Holdco are owned by Wink Parent.

The Party to be Acquired (directly):

- Superior Vision Corp. ("SVC"): SVC is a Delaware holding corporation. SVC's ultimate controlling party is Nautic Management, LLC, an affiliate of Nautic Partners, LLC, a private equity investment firm. Through its subsidiaries, SVC is one of the five largest vision companies in the U.S. The SVC holding company system currently serves approximately 11 million members across all 50 states in the Commercial, Medicare and Medicaid markets. Below is an abbreviated organizational chart of the current holding company system:



****Post-Acquisition, SVC will be directly owned 100% by Wink Holdco (and indirectly 100% owned by Wink Parent).**

The Wisconsin Domestic Insurer to be Acquired (indirectly):

- Superior Vision Insurance Plan of Wisconsin, Inc. (“SVP-WI” or the “Domestic Insurer”) (f/k/a “Vision Insurance Plan of America, Inc.”): SVP-WI is a Wisconsin limited service health organization which commenced operations in December 1992. The company contracts with employer groups to arrange for the provision of wellness vision benefits.

The Proposed Transaction:

The Applicants propose to effect the proposed acquisition pursuant to the Stock Purchase Agreement dated November 21, 2015 by and among Wink Holdco, SVC and Superior Vision Holding Company, LLC (“Superior Vision Holdco”) (“Stock Purchase Agreement”) included as Exhibit A to the Form A. Pursuant to the Agreement, Superior Vision Holdco will sell to Wink Holdco all of the issued and outstanding shares of capital stock of SVC at Closing in exchange for [REDACTED] cash consideration (subject to certain adjustments as discussed in the Agreement).¹

As a result of the proposed acquisition, and other transactions contemplated by the Stock Purchase Agreement, SVC will become a direct, wholly-owned subsidiary of Wink Holdco, and an indirect wholly-owned subsidiary of Wink Parent.²

Form A Filing – Summary

Item 1 – Method of Acquisition

The Applicants intend to acquire control of SVC in accordance with the terms and conditions of the Stock Purchase Agreement (see Exhibit A).

Pursuant to the terms of the Stock Purchase Agreement, as full consideration for the sale of the shares of capital stock of SVC (other than the Rollover Shares) by Superior Vision Holdco to Wink Holdco, Wink Holdco will pay to Superior Vision Holdco an aggregate amount of cash equal to [REDACTED] (minus the Rollover Value), subject to certain adjustments to account for: (i) the working capital, cash and indebtedness of SVC and its subsidiaries at the time of the Closing; and (ii) certain transaction expenses incurred in connection with the transactions contemplated by the Stock Purchase Agreement.

¹ The Stock Purchase Agreement provides that the consummation of the transactions contemplated is conditioned, among other things, on receipt of all necessary regulatory approvals, including approvals of the Form A applications by the AZ, NJ, TX and WI insurance departments and compliance with the pre-merger notification requirements under the Hart-Scott-Rodino Act.

² Wink Parent will be owned in substantial part by Centerbridge III and Centerbridge SBS III. However, as a result of the transactions contemplated by the Stock Purchase Agreement, certain current employees and directors of SVC and/or its subsidiaries (the “Rollover Shareholders”) will receive certain nonvoting equity interests in Wink Parent. In addition, it is possible that certain minority co-investors will acquire interests in the issued and outstanding voting securities of Wink Parent. None of the Rollover Shareholders or minority co-investors will own more than 10% of the outstanding voting securities of Wink Parent.

Item 2 – Identity and Background of Each of the Applicants

The name and address of each of the Applicants seeking to acquire control over the Domestic Insurer are:

CCP III Cayman GP Ltd. 190 Elgin Avenue George Town, Grand Cayman KY1-9005 Cayman Islands	
Wink Holdco, Inc. c/o Centerbridge Partners, L.P. 375 Park Avenue, 12th Floor New York, New York 10152	Centerbridge Capital Partners III, L.P. c/o Centerbridge Partners, L.P. 375 Park Avenue, 12th Floor New York, New York 10152
Wink Parent, Inc. c/o Centerbridge Partners, L.P. 375 Park Avenue, 12th Floor New York, New York 10152	Centerbridge Capital Partners SBS III, L.P. c/o Centerbridge Partners, L.P. 375 Park Avenue, 12th Floor New York, New York 10152

There are no pending court proceedings pertaining to a reorganization or liquidation pending with respect to the Applicants or the Centerbridge affiliates.

According to information filed with the application:

The Applicants have broad experience in making investments in the healthcare and financial services industries. Centerbridge's investments in the healthcare industry include: American Renal Associates, Remedi SeniorCare, and Partnerships in Care. Centerbridge's investments in the financial services industry include: Focus Financial Partners, BankUnited, Resort Finance Holdings, Williams & Glyn (banking division of RBS), and Santander Consumer USA.

In addition, Matthew Kabaker, a Senior Managing Director of Centerbridge and a proposed director of Wink Parent, Wink Holdco, and the Domestic Insurer, developed substantial expertise in investing in and advising financial services companies, such as Aspen Insurance Holdings, Ariel Reinsurance, and HealthMarkets, through his time at Blackstone and at the U.S. Dept. of Treasury. In addition, another proposed director of Wink Parent, Wink Holdco, and the Domestic Insurer, Michael Boxer, developed substantial expertise in advising and managing healthcare companies through senior roles at HealthMarkets, Mariner Health Care, Watson Pharmaceutical, and Furman Selz.

The Centerbridge investment professionals work closely with portfolio investment management teams as engaged board members, supporting management in areas such as helping to set strategy, assisting in major corporate transactions, and bringing in additional internal and third party resources that can help the portfolio companies achieve their operating goals.

Item 3: Identity and Background of Individuals Associated with the Applicants

Below is a list of the current directors of CCP, and the proposed directors and executive officers of Wink Parent, Wink Holdco and the Domestic Insurer.** (Note: The Funds do not have any directors or executive officers.)

**Current Directors/Executive Officers
of CCP III Cayman GP LTD:**

Jeffrey Aronson	Director
Mark Gallogly	Director

**Proposed Directors and Executive Officers
of Superior Vision Insurance Plan of Wisconsin, Inc.:**

Michael Boxer	Director
Matthew Kabaker	Director
Daniel Osnoss	Director
Kirk Rothrock*	Director, President/CEO
Brian Silverberg*	Director, Treasurer/CFO
Audrey Weinstein*	Secretary/Sr. V.P.
Kimberly Hess*	Sr. V.P.
Stephanie Lucas*	Sr. V.P.

*These individuals are already serving as officers and/or directors of the Domestic Insurer.

**The proposed directors and executive officers of each of Wink Parent and Wink Holdco are the same individuals as the individuals who are listed herein as proposed directors and officers of the Domestic Insurer.

The biographical affidavits for all individuals listed above were submitted with the filing (with the exception of the biographical affidavits previously filed with OCI). No exceptional responses requiring further comment were noted.

To the knowledge of the Applicants, no person listed above has been convicted in a criminal proceeding (excluding traffic violations not involving death or injury) during the past 10 years.

Item 4: Nature, Source and Amount of Consideration

Wink Holdco will acquire all of the issued and outstanding shares of capital stock of SVC. The purchase price³ will be funded by equity commitments from the Funds, an equity contribution from the Rollover Shareholders, and debt from third-party lenders of Wink Holdco as follows:

³ The purchase price and other terms and conditions of the Stock Purchase Agreement were determined through arm's length negotiation between the parties, with the assistance of their respective financial advisors and counsel, and under the direction of their respective boards.

- **Equity Funding:** The Funds have agreed to provide approximately [REDACTED] (which will be contributed by the Fund investors). In addition, it is currently anticipated that Rollover Shareholders will contribute approximately [REDACTED].
- **Debt Financing:** Debt Financing is expected to be in the form of a 7-year first lien term loan credit facility of up to [REDACTED], a 7.5 year second lien term loan facility of up to [REDACTED], and a 5-year first lien revolving credit facility of up to [REDACTED]; provided, however, that in no event will the aggregate amount of debt financing for the transaction exceed [REDACTED].

Post-closing, the Applicants stated that they will not request dividends from the Domestic Insurer in excess of those that the Domestic Insurer has historically requested for the purposes of debt service.

Comment: Under the terms of the debt financing, the Lenders will receive a pledge of securities of Wink Holdco and its subsidiaries, including the Domestic Insurer, but in the event of default, the lenders would need to receive prior approval of the Commissioner under s. 611.72 (2), Wis. Stats.

Item 5: Applicant's Future Plans for the Insurer

The Applicants have no present plans to make any material changes in the business operations, corporate structure, or management of the Domestic Insurer, nor to declare an extraordinary dividend following Closing, to liquidate the Domestic Insurer, sell any of its assets (other than in the ordinary course of business), or to merge the Domestic Insurer with any person.

The Applicants intend to work with the current management team of SVC to continue to pursue its existing business plan in SVC's next phase of development. In addition, the Applicants are currently exploring acquisition opportunities for expanding Wink Holdco's business into complementary areas (such as dental managed care).

Following the Closing, the Applicants intend to continue to keep in place all of the agreements between the Domestic Insurer and its affiliates (including the service and cost sharing agreement to which the Domestic Insurer is a party).

Comment: The Applicants intend to amend the previously approved Tax Sharing Agreement to add Wink Holdco and Wink Parent as parties, and request OCI's non-disapproval of the amended Tax Sharing Agreement under s. 617.21, Wis. Stats., and s. Ins 40.04 (2), Wis. Adm. Code upon the Closing.

Item 6: Voting Securities to be Acquired

The Domestic Insurer's 4,500 shares of issued and outstanding common stock are currently indirectly owned by SVC. Pursuant to the Stock Purchase Agreement, Superior Vision Holdco will sell, assign, and transfer to Wink Holdco all of the issued and outstanding shares of SVC. As a result, the Domestic Insurer will be indirectly owned by Wink Holdco, which in turn will be directly owned by Wink Parent. In addition, Centerbridge III and Centerbridge SBS III will own substantially all of the issued and outstanding shares of Wink Parent (with the exception of the Rollover Shareholders, who individually will own less than 10% of the outstanding shares).

Item 7: Ownership of Voting Securities

Other than the rights of the Applicants under the Stock Purchase Agreement, and as described in this Application, there are no voting securities of any class of the Domestic Insurer that are held of record, beneficially owned, or to which there is a right to acquire beneficial ownership by the Applicants, their respective affiliates, or any person listed in Item 3.

Item 8: Contracts, Arrangements, or Understanding with respect to the Insurer's Voting Securities

Except as provided in the Stock Purchase Agreement, there are no contracts, arrangements or understandings with respect to any voting security of the Domestic Insurer in which the Applicants, their respective affiliates, or any person listed in Item 3 is involved.

Item 9: Recent Purchases of Voting Securities

None of the Applicants, their respective affiliates, or any person listed in Item 3 has purchased any voting securities of the Domestic Insurer during the 12 calendar months preceding the filing of this application.

Item 10: Recent Recommendations to Purchase

Other than the Stock Purchase Agreement, none of the Applicants, their respective affiliates, or any person listed in Item 3 has made any recommendations to purchase any voting security of the Domestic Insurer, and no such recommendations have been made by anyone based on interviews or at the suggestion of the Applicants, their respective affiliates, or any person listed in Item 3, during the 12 calendar months preceding the filing of this Application.

Item 11: Agreements with Broker-Dealers

None of the Applicants, their respective affiliates, or any person listed in Item 3, has made any agreements, contracts, or understandings with any broker-dealer as to solicitation of voting securities of the Domestic Insurer for tender.

Wisconsin Specific Requirements

The following checklist addresses the requirements of s. 611.72 (3) (am), Wis. Stat. (Grounds for Disapproval):

- a) After the change of control, the domestic stock insurance corporation, or any domestic stock insurance corporation controlled by the insurance holding corporation, would be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed?

Did the Filing Adequately Address this Concern? Yes

Comments: Review of the Pro Forma financial statements did not raise any significant concerns regarding the Wisconsin Domestic Insurer's ability to satisfy Wisconsin's licensure requirements.

- b) The effect of the merger or other acquisition of control would not be to create a monopoly or substantially lessen competition in insurance in this state?

Did the Filing Adequately Address this Concern? Yes

Comments: The Applicant's do not currently own an insurance company. Therefore, the acquisition will not impact the competitive market in Wisconsin.

- c) The financial condition of any acquiring party is not likely to jeopardize the financial stability of the domestic stock insurance corporation or its parent insurance holding corporation, or prejudice the interests of its Wisconsin policyholders?

Did the Filing Adequately Address this Concern? Yes

Comments: Review of the Form A did not raise any significant concerns regarding the Applicants' financial condition.

- d) The plans or proposals which the acquiring party has to liquidate the domestic stock insurance corporation or its parent insurance holding corporation, sell its assets, merge it with any person or make any other material change in its business or corporate structure or management, are fair and reasonable to policyholders of the domestic stock insurance corporation or in the public interest?

Did the Filing Adequately Address this Concern? Yes

Comments: Review of the Form A did not indicate any plans or proposals that would jeopardize the Wisconsin Domestic Insurer, its policyholders, or the public interest.

- e) The competence and integrity of those persons who would control the operation of the domestic stock insurance corporation or its parent insurance holding corporation are such that it would be in the interest of policyholders of the corporation and of the public to permit the merger or acquisition of control?

Did the Filing Adequately Address this Concern? Yes

Comments: Review of the Biographical Affidavits did not raise any concerns regarding the competence or integrity of the Officers and Directors of the Applicant, nor the proposed Officers and Directors of the Wisconsin Domestic Insurer.

Hearing: Per s. 611.72 (3m), Wis. Stat.: “A hearing is not required under sub. (3) before approval of a proposed plan of merger or other plan for acquisition of control if the proposed merger is with, or the proposed acquirer is, an affiliate of the insurer and the proposed merger or other acquisition of control does not change the controlling person of the insurer.” If a hearing required for this filing?

Yes. The Applicant will acquire 100% of the domestic insurer’s parent (SVC) from SVC’s current security holders. Therefore, the controlling person will change; a hearing is required.

Follow-up Items

The Applicant, per letter dated February 3, 2016, adequately addressed the issues identified in OCI’s January 13, 2016 application follow-up letter.

Conclusion

It is recommended that the proposed acquisition of control of Superior Vision Insurance Plan of Wisconsin, Inc. by the Applicants be approved on the basis that there are no statutory grounds for denial pursuant to s. 611.72 (3), Wis. Stat.

It is further recommended that the Applicants’ request to amend the Tax Sharing Agreement previously approved by OCI to add Wink Holdco and Wink Parent as parties be approved.