

September 26, 2018

Steven J. Junior
Deputy Director
Bureau of Financial Analysis and Examinations
Office of the Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, WI 53707-7873

Re: Form A – Proposed Acquisition of Control of or Merger with Time Insurance Company by Haven Holdings Inc. and Haven Insurance Company II

Dear Mr. Junior:

We are writing in response to your letter dated September 21, 2018 regarding the Form A statement filed on September 7, 2018 (the "Form A") with the Wisconsin Office of the Commissioner of Insurance (the "OCI") whereby our clients, Haven Holdings Inc. ("Haven Holdings") and Haven Insurance Company II ("Haven Insurance") and collectively with Haven Holdings, the "Applicants" or "Haven") are seeking to acquire Time Insurance Company ("Time" or the "Domestic Insurer") from its parent, Interfinancial Inc. (the "Proposed Transaction"). For your convenience, below please find the questions for your September 21st letter, followed by the Applicants' bolded responses.

1. Since the Closing Cash Payment and Secured Promissory Note are intended to approximate the Total Adjusted Capital, which is essentially the statutory book value of the company with certain fairly customary mark-to-market and affiliated settlement adjustments, what are the projected balance sheet assets and liabilities immediately following the payment of the Secured Promissory Note? Are there any intentions to contribute any capital or surplus immediately following the intended extraordinary dividend from Time Insurance Company that in intended to pay off the Secured Promissory Note?

The Applicants intend to contribute additional capital and surplus to Time immediately following the Applicants' acquisition of its shares. The amount of the contribution is set forth on the second page of the

September 26, 2018

Page 2

Actuarial Pro Forma Projection (Exhibit 1-A to the Stock Purchase Agreement filed with the Form A). The Applicants' intention is that Time would at closing have a capital and surplus of \$2,500,000, regardless of when the closing occurs. On Exhibit 1-A, the capital and surplus is shown as of June 30, 2018 (the most recent balance sheet we have received from Assurant). It is also shown on a projected basis as of December 31, 2018 (the date on which the Applicants would be responsible for filing year-end statements post-closing with the Puerto Rico OCI). Essentially, even as Time continues its run-off, the Applicants intend – both at closing and at year-end 2018 – that Time would have \$2,500,000 of capital and surplus.

The capital and surplus will come from two locations. The first source is that \$1,250,000 will already be within Time (as you have noted, this is Total Adjusted Capital less the Secured Promissory Note). Haven Insurance will, in essence, have purchased this \$1,250,000 of capital and surplus for \$1,250,000 of cash from Haven Holdings.

There is a second \$1,250,000, which is the existing capital and surplus within Haven Insurance. This was \$1,250,000 of cash contributed by Haven Holdings into Haven Insurance upon its formation in December 2017. Upon the merger of Haven Insurance with and into Time, the combined capital and surplus of the two entities will be \$2,500,000. This is Haven's intention, as shown on Exhibit 1-A.

2. Will the existing run-off book of Time Insurance Company be segregated into one or more protected cells? If so, what is the contemplated segregation and funding of each such protected cell?

It is not Haven's current intention to segregate the existing run-off book of Time into protected cells. However, Haven does contemplate the possibility of utilizing separate cells within Time in the future, if Time takes on additional assets and liabilities or other closed blocks of business, as permitted by Puerto Rico law.

3. Given that Haven Holdings Inc. only has \$1.394 million in assets and Haven Insurance Company II has only \$1.25 million in assets, where will the Applicants get additional funds if Time Insurance Company needs additional capital?

Since December 31, 2017, Haven Holdings has raised significant additional funds. Through June 30, 2018, Haven Holdings raised a

September 26, 2018

Page 3

cumulative total of \$5,010,000 of equity capital, and had total assets (after operating expenses which have been primarily professional fees) of \$4,686,000. As noted in Question 1 above, \$2,500,000 of this amount will pay for or otherwise be contributed into the capital and surplus of Time.

The Applicants also believe that Haven Holdings has access to additional debt and equity capital from third parties, if necessary. Additionally, the majority owners of Haven Holdings have provided personal financial statements to the Puerto Rico OCI as part of the licensing process, demonstrating their financial resources as well.

4. How will the applicants work to resolve the more than \$8.8 million in unclaimed property now held by Time Insurance Company? What is the amount of unclaimed property due Wisconsin residents? Is there a plan for more aggressive outreach to Time's unclaimed property claimants to return the funds that are rightfully theirs?

Haven recognizes that unclaimed property is one of the larger remaining liabilities of Time. Haven intends to adopt and continue to pursue the policies of Assurant, which was to aggressively attempt to locate the policyholders or former policyholders, in order to return their property to them. Based on gross premiums flowing through the book, the Applicants estimate that 4.2% of the unclaimed funds are due to Wisconsin residents, which as of June 30, 2018 would equal \$206,553.

Additionally, the Applicants note that Assurant was recently able to reduce the amount of unclaimed funds by 24% over a six month period, from December 31, 2017 to June 30, 2018.

5. Do the applicants intend to establish a facility to enable claimants on the existing run-off book of Time Insurance Company to contact the company by telephone, as well as by mail, to resolve questions concerning their claims?

The existing third party administrator for the remaining policies which Time is responsible for administering is Cap Gemini. As part of the Transition Services Agreement which the Applicants have negotiated with Assurant, Time will have the continued ability to have Cap Gemini administer the policies for at least eighteen months. The Applicants' intention is to migrate administration of the policies over time to another competent (and of course appropriately licensed) third party administrator as soon as reasonably practicable. Additionally, the

September 26, 2018

Page 4

Applicants will insure that its third party administrator will at all times utilize a call center, so that policyholders can resolve questions by telephone as well as by mail.

Should you need any additional information in connection with the matters discussed herein, or any other matters, please contact me at the contact information specified above.

Regards,



JillAllison Opell

Cc: Amy J. Malm
Michael Mancusi-Ungaro
Thomas Hrdlick
Maximillian Holmes