



DATE: June 16, 2022

TO: Amy J. Malm  
Mark McNabb

FROM: Christopher Martin

SUBJECT: Form A - Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer (Case No. 22-C44360).

**Form A Filing Contact(s)**

**Primary Contacts:**

William J. Toman  
Quarles and Brady LLP  
33 East Main Street, Suite 900  
Madison, Wisconsin 53703  
608-283-2434  
william.toman@quarles.com

Michael Rosenfield  
Sidley Austin LLP  
555 West Fifth Street  
Los Angeles, California 90013  
213-896-6076  
mrosenfield@sidley.com

**Secondary Contacts:**

George Esposito  
General Counsel  
Everly Holdings, LLC  
One Security Benefit Place  
Topeka, Kansas 66636  
george.esposito@everlylife.io

Michael Devins  
Sidley Austin LLP  
787 Seventh Avenue  
New York, New York 10019  
212-839-8522  
mdevins@sidley.com

**Form A Exhibit(s)**

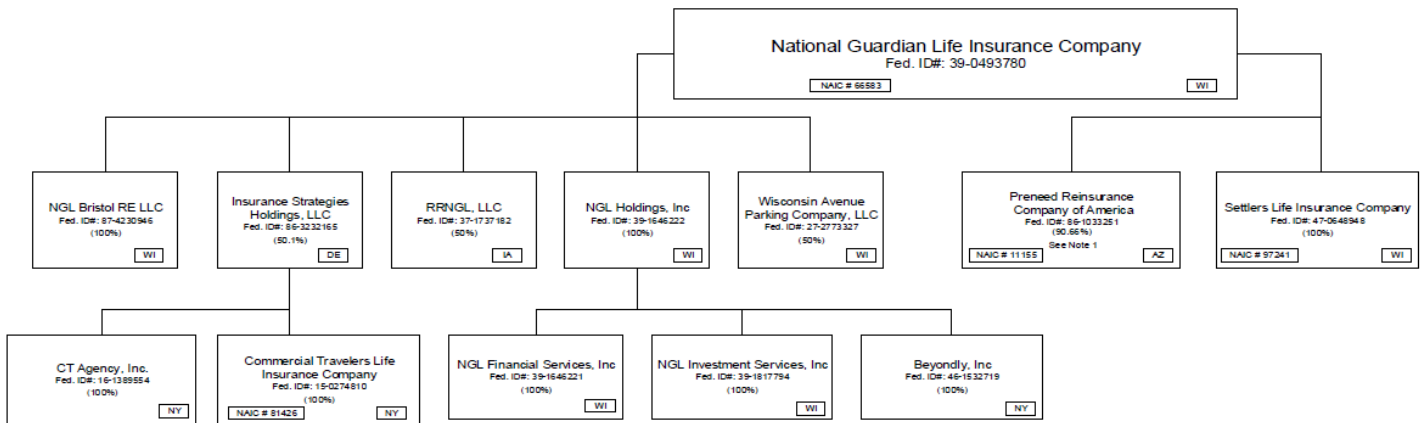
<b><u>Exhibit:</u></b>	<b><u>Description:</u></b>
Ex 1	Redacted Stock Purchase Agreement
Ex 2	Consent to Jurisdiction Statement
Ex 3	Abbreviated Pre-Closing Organizational Chart of the Applicants and their Affiliates
Ex 4	Abbreviated Post-Closing Organizational Chart of the Applicants and their Affiliates

- Ex 5 List of Directors and Executive Officers of the Applicant
- Ex 6 List of Directors and Executive Officers of SBL Holdings
- Ex 7 List of Directors and Executive Officers of Security Benefit Corporation
- Ex 8 List of Directors and Executive Officers of Eldrige SBC
- Ex 9 List of Proposed Post-Closing Directors and Executive Officers of the Domestic Insurer
- Ex 10 Statement of Competitive Impact
- Ex 11 Unredacted Stock Purchase Agreement
- Ex 12 NAIC Biographical Affidavits
- Ex 13 Financial Statements of the Applicant
- Ex 14 Financial Statements of SBL Holding
- Ex 15 Personal Statement of Financial Position of Mr. Boehly
- Ex 16 Business Plan for the Domestic Insurer
- Ex 17 Five-Year Financial Projections for the Domestic Insurer

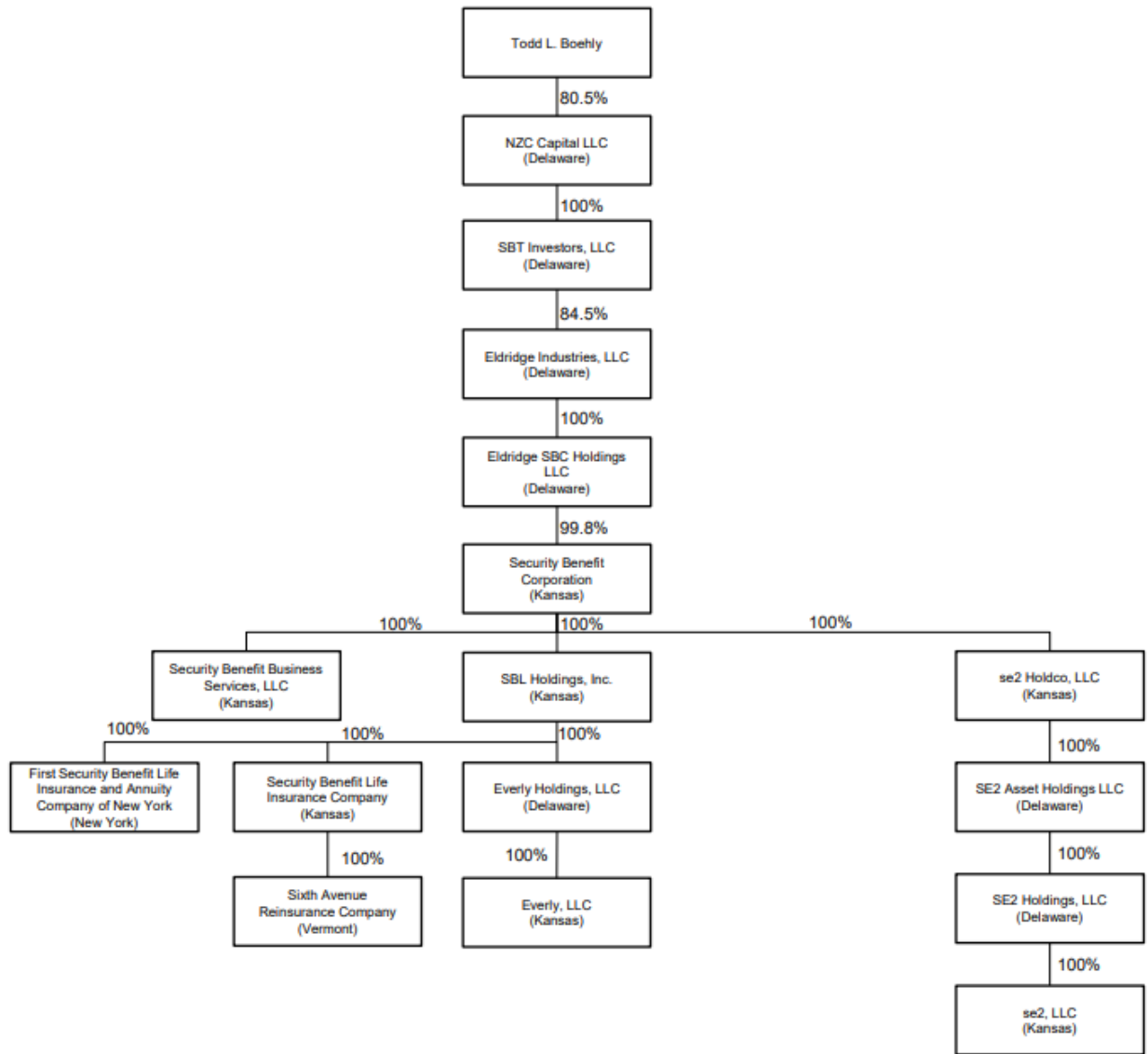
**Executive Summary**

On January 7, 2022, Everly Holdings, LLC (“Everly”, the “Applicant”), a Delaware limited liability company, submitted a Form A filing with OCI regarding the acquisition of Settlers Life Insurance Company (“Settlers”, the “Domestic Insurer”), a Wisconsin domestic life insurance company. This acquisition of the Domestic Insurer will occur pursuant to the terms of a Stock Purchase Agreement between the Applicant and the Domestic Insurer’s direct parent, National Guardian Life Insurance Company, dated as of December 9, 2021. Subject to the Stock Purchase Agreement, the Applicant will acquire 100% of the issued and outstanding shares of the capital stock of the Domestic Insurer.

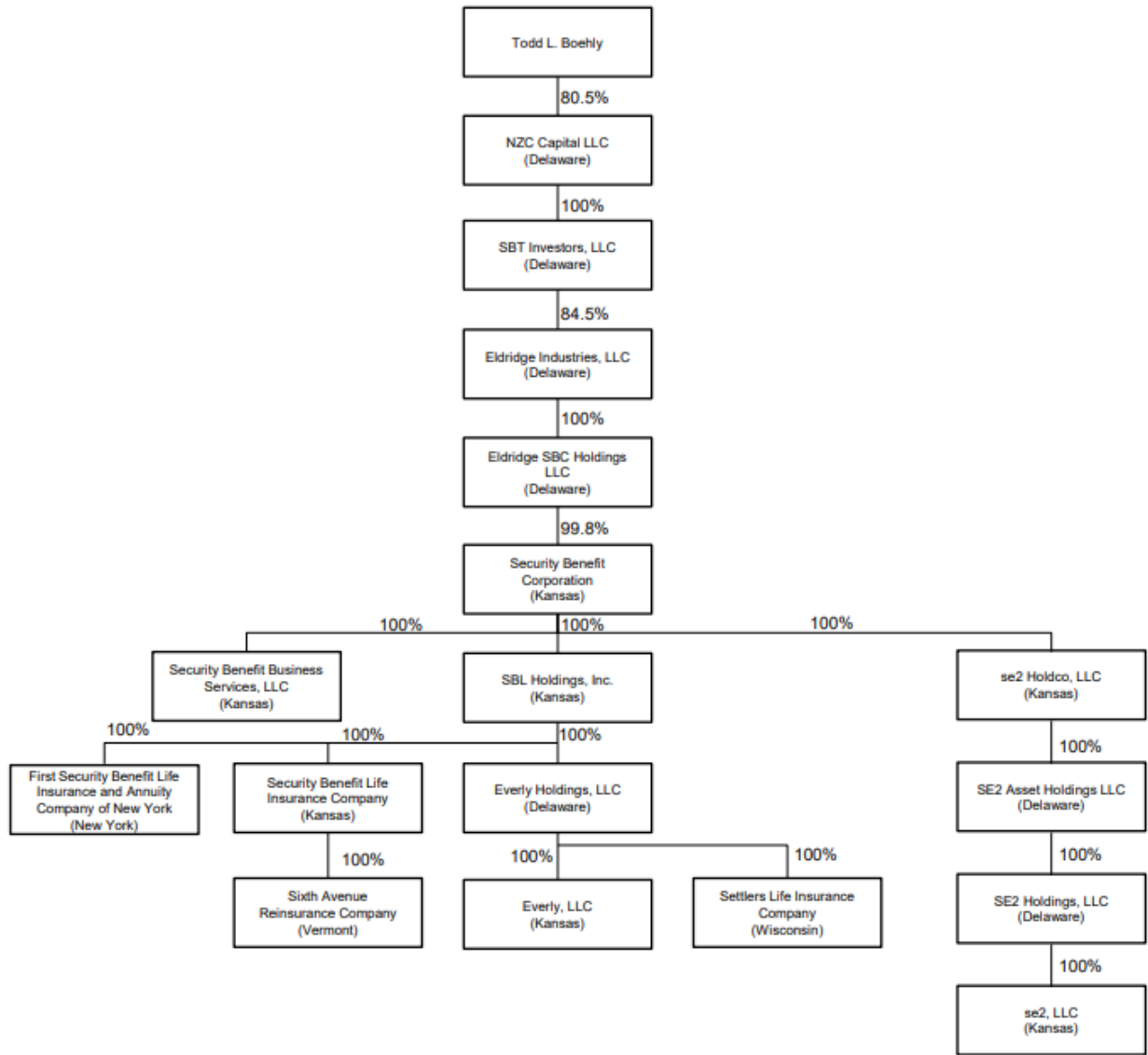
**Organizational Chart of the Domestic Insurer Before Proposed Transaction:**



**Organizational Chart of the Applicants Before Proposed Transaction:**



**Organizational Chart After Proposed Transaction:**



**Identity and Background of the Domestic Insurers**

**Identity of the Domestic Insurers:**

**Settlers Life Insurance Company**  
 2 East Gilman Street  
 Madison, Wisconsin 53703

**Background of the Domestic Insurers:**

Settlers, NAIC number 97241, a Wisconsin domestic life insurance company is a wholly owned stock subsidiary of National Guardian Life, a Wisconsin domestic insurance company. Settlers is currently licensed in 49 states and the District of Columbia.

<b>Identity and Background of the Applicants</b>
--

**Identity of the Applicants:**

**Everly Holdings, LLC**  
One Security Benefit Place  
Topeka, Kansas 66636

**Background of the Applicant:**

The Applicant's only operating subsidiary is a Kansas-domiciled insurance producer. It maintains a digital platform targeting new consumers in the insurance marketplace. Security Benefit Life Insurance Company recently began a universal life insurance product that is distributed and administered by Everly. SBLIC is offering permanent life insurance direct to consumers online through Everly.

The ultimate parent company of the Applicant, Eldridge Industries, LLC, invests in business across the insurance, technology, financial services, sports, real estate, gaming, and media sectors.

**Directors and Executive Officers of Settlers Life Insurance Company**

<b><u>Name</u></b>	<b><u>Title</u></b>
Knut A. Olson	Director and Chief Executive Officer
Nancy L. Stoddard	Director and Chief Financial Officer
Tim Matson	Chief Investment Officer and Treasurer
Kim Shaul	Chief Legal Officer and Corporate Secretary
Mark Neidinger	Assistant Corporate Secretary
Scott Michels	Appointed Actuary
Jeremy W. Ragsdale	Director

**Directors and Executive Officers of Everly Holdings, LLC**

<b><u>Name</u></b>	<b><u>Title</u></b>
Douglas Wolff*	Director and Chairman of the Board
Felix Kuhlmann	Director and Chief Executive Officer
George Esposito*	General Counsel and Secretary
Barry G. Ward*	Treasurer
Anthony D. Minella*	Director

**Directors and Executive Officers of SBL Holdings**

<b><u>Name</u></b>	<b><u>Title</u></b>
Michael P. Kiley*	Director, Chief Executive Officer, and President
John F. Guyot*	Senior Vice President, General Counsel, and Secretary
Anthony D. Minella*	Senior Vice President
Barry G. Ward*	Senior Vice President, Chief Financial Officer, and Treasurer
Douglas G. Wolff*	Senior Vice President
Todd Boehly*	Director
Wayne S. Diviney*	Independent Director

**Directors and Executive Officers of Security Benefit Corporation**

<b><u>Name</u></b>	<b><u>Title</u></b>
Michael P. Kiley*	Director and Chief Executive Officer
Barry G. Ward*	Senior Vice President, Chief Financial Officer, Chief Risk Officer and Treasurer
John F. Guyot*	Senior Vice President, General Counsel, and Secretary
Anthony D. Minella*	Senior Vice President
Douglas G. Wolff*	Senior Vice President
Jennifer C. Purvis*	Senior Vice President and Head of Human Capital
Todd Boehly*	Director and Chairman
Wayne S. Diviney*	Director

**Directors and Executive Officers of Eldrige SBC**

<b><u>Name</u></b>	<b><u>Title</u></b>
Todd Boehly*	Chief Executive Officer
Anthony D. Minella*	President

**Proposed Directors and Executive Officers of the Settlers Life Insurance Company**

<b><u>Name</u></b>	<b><u>Title</u></b>
Douglas G. Wolff*	President and Chief Operating Officer
Felix Kuhlmann	Director, President, and Chief Operating Officer
Barry G. Ward*	Director and Chief Financial Officer
George Esposito*	Director, General Counsel, and Secretary
Roger Offerman*	Director and Chief Actuary
Duc Ho*	Appointed Actuary
Joseph Wittrock*	Director and Chief Investment Officer

Note: \* following an individual's name indicates that the biographical affidavit was provided for the individual and there are no outstanding significant concerns after OCI review. The current directors and executive officers will not continue their roles post acquisition. Accordingly, biographical affidavits were not requested for these individuals.

On February 11, 2022, OCI was notified that Felix Kuhlmann would no longer be a proposed executive of the Domestic Insurer. In his place, Douglas Wolff is the proposed President and Chief Operating Officer for Settlers. Additionally, there are no current plans to fill the vacant board position.

The Applicant noted that the remaining ownership entities, as shown in the post-closing organizational chart, do not have any directors or executive officers. These entities are controlled solely by their respective managing members, which are their respective owners.

**Nature, Source, and Consideration**

The acquisition of the Domestic Insurer will occur pursuant to the terms of a Stock Purchase Agreement between the Applicant and the Domestic Insurer's direct parent, National Guardian Life Insurance Company, dated as of December 9, 2021. Subject to the Stock Purchase Agreement, the Applicant will acquire 100% of the issued and outstanding shares of the capital stock of the Domestic Insurer.

In accordance with Section 2.03 of the Stock Purchase Agreement, the price payable by the Applicant for the Shares will be an amount specified in the agreement minus an amount equal to the sum of certain payments, liabilities and obligations of the Domestic Insurer that occur after March 31, 2021. The Applicant will utilize cash on hand, obtained from its immediate parent company, SBL Holdings, by means of an unqualified and unencumbered capital contribution, not borrowed funds, to fund the entirety of the Purchase Price. SBL Holdings intends to draw under its existing revolving credit facility with a syndication of lenders to fund the Purchase Price.

The nature and amount of consideration were determined through due diligence, arm's length negotiations between unrelated parties and consideration of a variety of factors, including third-party appraisal values, internal appraisal values, and the advice of the parties' respective financial, legal, actuarial, and other advisors.

### **Applicants Future Plans**

According to the Applicant's statements in the Form A, they have no present plans or proposals, other than those described in the Form A, to cause the Domestic Insurer to declare an extraordinary dividend, to liquidate the Domestic Insurer, to sell the Domestic Insurers' assets or merge it with any person or persons or to make any other material change in the Domestic Insurer's business operations or corporate structure or management.

In connection with the transaction, Security Benefit Life Insurance Company, a Kansas domestic insurance company and an affiliate of the Applicant, intends to enter into a coinsurance agreement with National Guardian pursuant to which National Guardian will cede or retrocede to SBL, on a 100% coinsurance basis or funds withheld coinsurance basis, certain liabilities under closed blocks of National Guardian's life and accident and health insurance policies and annuity contracts issued or reinsured by National Guardian.

The Domestic Insurer is currently licensed to do business in 49 states and the District of Columbia. The applicant does not currently have plans to expand to the remaining state.

The Applicant believes that the expanding millennial market should have direct and digital access to all types of insurance products, not just term life products. They plan to utilize the platform that they have developed to bring in new consumers.

### **Financial Highlights**

#### **Highlighted Financial Data of Everly Holdings, LLC:**

The internal unaudited quarterly financial statements of the Applicant are confidential. OCI reviews these financial statements as part of the Form A review process.

**Highlighted Financial Data of SBL Holdings, LLC:**

<b>Financial Highlights (in thousands)</b>	<b>Unaudited</b>		<b>Consolidated Financial Statement</b>			
	<b>Q3 2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Total Assets	50,831,266	46,517,195	42,001,513	38,957,830	40,394,668	36,190,886
Total Liabilities	45,201,796	42,130,361	38,485,030	36,210,447	37,969,338	34,266,122
Total Equity	5,629,470	4,386,834	3,516,483	2,747,383	2,435,330	1,924,764
Total Revenue	2,252,395	2,382,548	2,487,947	1,727,942	2,259,738	1,448,663
Net Income	615,015	439,364	480,989	350,116	391,074	225,262
Net Cash Provided by Operating Activities	-	1,019,848	999,513	614,958	1,219,242	449,692

**Financial Projections of the Domestic Insurer:**

The financial projections of the Domestic Insurer are confidential. OCI reviews these projections as part of the Form A review process.

**611.72 (3) Standard**

Wisconsin Statute s. 611.72(3)(am) creates a five-part test for the Commissioner to use when evaluating the merger or acquisition of a domestic stock insurance company. It reads, in relevant part:

**(am)** The commissioner shall approve the plan if the commissioner finds...that it would not violate the law or be contrary to the interests of the insureds of any participating domestic corporation or of the Wisconsin insureds of any participating nondomestic corporation and that:

1. 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;
2. The effect of the merger or other acquisition of control would not be to create a monopoly or substantially to lessen competition in insurance in this state;
3. 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;
4. 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; and
5. 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 the policyholders of the corporation and of the public to permit the merger or acquisition of control.

These five requirements are analyzed below.



**s. 611.72(3)(am)1:** After reviewing the documents provided by the Applicant in their Form A filing, OCI Staff believes that the Applicant is able to satisfy s. 611.72(3)(am)1. In reaching this decision, OCI staff has relied heavily on the proposed business plan and financial projections.

**s. 611.72(3)(am)2:** OCI's determined that a Form E analysis was not necessary. OCI's examination of the potential competitive effects concluded that approving the acquisition would not violate the competitive standards set forth in s. Ins 40.025(4), Wis. Adm. Code.

**s. 611.72(3)(am)3:** Paragraph three requires that the financial condition of any acquiring party is not likely to jeopardize the financial stability of the domestic insurance corporation or its parent insurance corporation, or prejudice the interest of its Wisconsin policyholders. After reviewing the documents provided by the Applicants, the concern that affiliated non-insurance operations would jeopardize the financial condition is deemed minimal. OCI, however, will monitor compliance with s. 611.72(3)(am)3, Wis. Stat., going forward.

**s. 611.72(3)(am)4:** Paragraph four requires that the post-transaction plans to change the business structure be "fair and reasonable to policyholders of the domestic stock insurance corporation or in the public interest." The Form A filing notes that the Applicants have no current plans or proposals to declare any extraordinary dividend, to liquidate the Domestic Insurer, or to sell the assets of the Domestic Insurer. Additional review of the filing by OCI staff do not indicate any significant changes to the operation of the Domestic Insurer. Compliance with s. 611.72(3)(am)4, Wis. Stat., is expected.

**s. 611.72(3)(am)5:** Paragraph 5 requires that OCI review the Biographical Affidavits of the proposed officers and directors of the Applicants. This review did not raise significant concerns.

<b>Recommendation</b>
-----------------------

The Acquisition of Control in the above-referenced Form A filing will not violate the law or be contrary to the interests of the insureds, and it does not meet any of the disqualifying criteria outlined in s. 611.72 (3), Wis. Adm. Code. Therefore, the transaction should be approved, subject to the following conditions. First, the Applicant shall obtain an audit from an independent CPA for NZC Capital, LLC, annually, beginning with the year ended December 31, 2022. Second, the Applicant shall engage an independent CPA to complete an agreed upon procedures engagement ("AUP"), as outlined in the Ernst & Young, LLP letter provided to OCI on May 16, 2022, for the personal financial statements of Todd L. Boehly. The AUP shall be completed for the year ended December 31, 2022. For subsequent years, an AUP shall be completed at OCI's request, to be submitted with the Form B filings.