

**BEFORE THE OFFICE OF THE COMMISSIONER OF INSURANCE  
OF THE STATE OF WISCONSIN**

**IN THE MATTER OF:** )  
)  
**THE ACQUISITION OF CONTROL OF** ) Case No. 21-C44135  
**STATE AUTO INSURANCE COMPANY OF WISCONSIN** )  
)  
**BY LIBERTY MUTUAL HOLDING COMPANY INC.,** )  
**LMHC MASSACHUSETTS HOLDINGS INC., AND** )  
**LIBERTY MUTUAL GROUP INC.** )  
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**AFFIDAVIT OF NIK VASILAKOS ON BEHALF OF THE APPLICANTS**

I, Nik Vasilakos, hereby declare under penalty of perjury as follows:

I am Group Head, Mergers & Acquisitions, of Liberty Mutual Group Inc. I present this Affidavit on behalf of the Applicants to show the evidence supporting the approval of the above-entitled action under Wis. Stat. § 611.72. I am authorized to give this Affidavit by the powers vested in me under my duties on behalf of the Applicants.

**I. Witness Identification**

**1. Please state, for the record, your full name, business address and by whom you are employed.**

**A:** My name is Nik Vasilakos. I am employed by Liberty Mutual Group Inc., a Massachusetts stock holding company (“LMGI”). My business address is 175 Berkeley Street, Boston, Massachusetts 02116.

**2. What is your position at Liberty Mutual Group Inc.?**

**A:** I am Group Head, Mergers & Acquisitions, of LMGI.

**3. Please identify your responsibilities as Group Head, Mergers & Acquisitions.**

**A:** My responsibilities in this role include oversight of potential acquisitions and other strategic transactions.

**4. Please describe your educational background and any other professional titles or positions held.**

**A:** I earned a bachelor's degree from Boston College and an M.B.A. from Carnegie Mellon University. I am also a Chartered Financial Analyst (CFA) charterholder.

**5. How long have you been employed by Liberty Mutual?**

**A:** I have been employed by a Liberty Mutual affiliate since 2012, and have served in my current role for approximately five years.

**6. Please describe your previous employment.**

**A:** Prior to joining Liberty Mutual in 2012, I spent over a decade as a senior research analyst covering the insurance and financial institutions industry for asset managers, most recently at Columbia Threadneedle. Prior to my time as a senior research analyst, I was a leveraged finance banker with Wells Fargo and a graduate of its credit management program.

**7. Please explain for the record your purpose for providing this testimony here today.**

**A:** I am providing testimony in support of the proposed acquisition of control of State Auto Insurance Company of Wisconsin, a property and casualty insurance company domiciled in Wisconsin (the "Domestic Insurer"), by Liberty Mutual Holding Company Inc., a Massachusetts mutual holding company ("LMHC"), LMHC Massachusetts Holdings Inc., a Massachusetts stock holding company ("MHI"), and LMGI (collectively, the "Applicants").

The Domestic Insurer is a direct, wholly owned subsidiary of State Automobile Mutual Insurance Company, a property and casualty mutual insurance company domiciled in Ohio ("SAM"). Following the consummation of the "Proposed Transaction," the Domestic Insurer will become a wholly owned indirect subsidiary of LMHC, and LMHC will become the new ultimate controlling person of the Domestic Insurer.

**8. Have you been authorized by the Applicants to speak on their behalf at this hearing?**

**A:** Yes, I am authorized to testify on behalf of the Applicants at this hearing.

**9. Please identify the Applicants on the Form A Statement.**

A: The Applicants in this proceeding are LMHC, MHI and LMGI.

**10. Are you familiar with the Proposed Transaction and the Form A Statement which is the subject of this hearing?**

A: Yes. In my position as Group Head, Mergers & Acquisitions, I have been involved in all significant business decisions regarding the Proposed Transaction, including board discussions, the diligence review, consideration, negotiations and execution of definitive agreements.

In connection with the Proposed Transaction, I have reviewed and am familiar with the Form A Statement and the exhibits attached thereto filed by the Applicants with the Wisconsin Office of the Commissioner of Insurance (“OCI”) on August 5, 2021 (as supplemented, the “Form A Statement”) and the supplemental filings and submissions made by the Applicants to OCI in connection with the Form A Statement, including the Form E (Pre-Acquisition Notification) dated August 5, 2021 (the “Form E”).

**11. Does the Form A Statement accurately describe the Proposed Transaction?**

A: Yes, the Form A Statement accurately describes the Proposed Transaction.

**II. Overview of the Applicants**

**12. Please identify the Applicants on the Form A Statement.**

A: The Applicants in this proceeding are LMHC, MHI and LMGI.

**13. Please provide an overview of the Applicants and their business activities.**

A: The Liberty Mutual group is a diversified global insurer and the fourth largest property and casualty insurer in the U.S. based on 2020 direct written premium. It ranks 71st on the Fortune 100 list of largest corporations in the U.S. based on 2020 revenue. As of December 31, 2020, LMHC had \$145.377 billion in consolidated assets, \$119.420 billion in consolidated liabilities, and \$43.796 billion in annual consolidated revenue.

LMHC employs more than 45,000 people in 29 countries and economies around the world. LMHC, through its subsidiaries and affiliated companies, offers a wide range of property and casualty insurance products and services to individuals and businesses alike.

MHI was formed in 2001 as part of the mutual holding company reorganization of LMIC, and it is a direct, wholly owned subsidiary of LMHC. As a holding company, MHI has no operations of its own and its assets consist primarily of investments in subsidiaries.

LMGI was formed in 2001 as part of the mutual holding company reorganization of LMIC, and it is a direct, wholly owned subsidiary of MHI. As a holding company, LMGI has no operations of its own and its assets consist primarily of investments in subsidiaries.

**14. Do the Applicants have any affiliates licensed as insurance companies in Wisconsin?**

**A:** The Applicants have six property and casualty insurance companies domiciled in Wisconsin: Employers Insurance Company of Wausau, Hawkeye-Security Insurance Company, Liberty Mutual Fire Insurance Company, Wausau Business Insurance Company, Wausau General Insurance Company and Wausau Underwriters Insurance Company.

In addition, the Applicants have thirty-five affiliates licensed or eligible as foreign property and casualty insurers to write direct premium in Wisconsin.

**15. What is the composition of the board of directors of each of the Applicants? Will this composition change following consummation of the Proposed Transaction?**

**A:** Lists setting forth the names and business addresses of the directors and executive officers of LMHC, MHI and LMGI were provided to OCI as Exhibit C-1, Exhibit C-2 and Exhibit C-3, respectively, to the Form A Statement.<sup>1</sup> There are no anticipated changes to the Applicants' respective directors or executive officers as a result of the Proposed Transaction.

**16. Have biographical affidavits and background reports been submitted for Liberty Mutual's directors and executive officers?**

**A:** Yes. NAIC biographical affidavits for the Applicants' current directors and executive officers were provided to OCI on a supplemental basis after the filing of the Form A Statement. In addition, background verification reports in respect of these biographical affidavits will be provided directly to OCI by an NAIC-approved third-party verification service on a supplemental basis. Ms. Waleski, a recently appointed director of LMHC, is preparing an NAIC biographical affidavit for submission to OCI. An NAIC biographical affidavit of Mr. Sanghera, a recently appointed executive officer of LMHC and LMGI, was submitted to OCI on November 4, 2021. Background verification reports in respect of these biographical affidavits will be provided to OCI on a supplemental basis.

**III. Benefits of the Proposed Transaction**

**17. Please describe the Proposed Transaction.**

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<sup>1</sup> On November 10, 2021, a new director, Anne Waleski, was appointed to LMHC's board of directors. In addition, Alison Erbig recently resigned from her position as an executive officer of each of LMHC and LMGI and was replaced by Paul Sanghera.

**A:** As described in greater detail in the written testimony of my colleague Richard P. Quinlan submitted to OCI in connection with this hearing, the proposed acquisition of control of the Domestic Insurer is part of a broader transaction (the “Proposed Transaction”) governed by the terms and conditions set forth in an Agreement and Plan of Merger and Combination, dated as of July 12, 2021 (the “Merger Agreement”), by and among LMHC, SAM, State Auto Financial Corporation (“STFC”) and two wholly owned subsidiaries of LMHC formed to facilitate the Proposed Transaction.

**18. What is the reasoning behind the Proposed Transaction?**

**A:** If consummated, the Proposed Transaction will significantly expand Liberty Mutual’s position as an industry leader for personal lines and small commercial insurance. Liberty Mutual today distributes its Safeco Insurance personal auto, homeowners and specialty products, and Liberty Mutual small business insurance, through more than 10,000 independent agencies countrywide. Through the Proposed Transaction, Liberty Mutual will add \$2.3 billion in premium and State Auto’s network of approximately 3,400 independent agencies across 33 states and is expected to become the second largest carrier in this key distribution channel.

The Proposed Transaction is expected to result in the following benefits (among others) for the combined organization:

- (i) Opportunity to leverage additional platforms for growth;
- (ii) Enhanced distribution channels;
- (iii) Greater diversification of risk, including greater geographic diversity; and
- (iv) Expansion of SAM’s intellectual property and technology expertise to the combined organization, enhancing long-term capabilities.

**IV. Consideration and Financing of Proposed Transaction**

**19. What is the consideration for the Proposed Transaction?**

**A:** The Proposed Transaction’s cash consideration is approximately \$1 billion. Pursuant to the Merger Agreement, each share of STFC’s common stock, no par value per share, that is issued and outstanding immediately prior to the effective time of the STFC Merger (other than (i) shares owned by SAM, STFC (as treasury shares or otherwise) or that may be owned by LMHC and (ii) dissenting shares) will be converted into the right to receive an amount in cash, without interest, equal to \$52.00, and will be automatically cancelled and retired and cease to exist.

**20. How was the amount of consideration for the Proposed Transaction determined?**

**A:** The basis and terms of the Merger Agreement, including the nature and amount of consideration, were determined through arms' length negotiations among the representatives of LMHC, on the one hand, and the representatives of SAM and STFC, on the other hand, and their respective legal and other advisors.

**21. Were any valuation studies or fairness opinions received that demonstrate the fairness of the consideration?**

**A:** The board of directors of LMHC received two fairness opinions in connection with the Proposed Transaction, one from Waller Helms Advisors LLC to the effect that the Proposed Transaction is fair, from a financial point of view, to LMHC's members (excluding SAM's members which become LMHC's members as a result of the Proposed Transaction), taken as a group, and the other from Goldman Sachs & Co. LLC to the effect that the aggregate merger consideration to be paid, taken together with the aggregate equity rights to be issued, by LMHC pursuant to the Merger Agreement is fair, from a financial point of view, to LMHC. Both opinions are as of the date of such respective opinion and are based on and subject to the assumptions, limitations, qualifications and other matters set forth in such written opinion.

A special committee of independent SAM directors also received a fairness opinion from BofA Securities, Inc. to the effect that the exchange of equity rights in SAM for equity rights in LMHC in the Proposed Transaction is fair, from a financial point of view, to SAM's members, taken as a group. A separate special committee of independent STFC directors also received a fairness opinion from Houlihan Lokey Capital, Inc. to the effect that the merger consideration to be received by the holders of STFC's shares, other than SAM or any of STFC's subsidiaries, in the STFC Merger pursuant to the Merger Agreement is fair, from a financial point of view, to such holders (other than SAM or any of STFC's subsidiaries). Both opinions are as of the date of such respective opinion and based on and subject to the assumptions, limitations, qualifications and other matters considered in connection with the preparation of such opinion.

**22. Is the Proposed Transaction conditioned upon receipt of financing by the Applicants?**

**A:** No. Consummation of the Proposed Transaction is not conditioned on receipt of financing by LMHC.

**23. Please describe the source of the consideration for the Proposed Transaction.**

**A:** LMHC intends to fund the cash consideration for the Proposed Transaction using available funds, including cash on hand and, potentially, available lines of credit. LMHC may also utilize proceeds from ordinary dividends to be declared and paid prior to the closing of the Proposed Transaction (the "Closing") by one or more of its insurance company subsidiaries or loans funded prior to the Closing from one

or more of its insurance company subsidiaries the amount of which does not meet or exceed the threshold for approval or non-disapproval pursuant to a Form D (Prior Notice of a Transaction) filing. Other than available lines of credit, no new third party loans or other external financing will be utilized for the sole purpose of funding the purchase price.

The stock and assets of the Domestic Insurer will not be pledged or hypothecated in any way as part of the funding of the purchase price of the Proposed Transaction by LMHC.

**V. Future Plans for the Domestic Insurer**

**24. Do the Applicants have any plans to cause the Domestic Insurer to declare any extraordinary dividend, to liquidate it, sell its assets, merge it with any other persons or materially change its corporate structure?**

**A:** The Applicants have no present plans or proposals to cause the Domestic Insurer to declare any extraordinary dividend, to liquidate the Domestic Insurer, to sell the assets of the Domestic Insurer (except for transactions, such as investment portfolio transactions, in the ordinary course of business), to merge the Domestic Insurer with any person or persons or, other than as described in the Form A Statement, to make any other material change in the Domestic Insurer's business operations or corporate structures or management.

The Applicants have no current plans to change the name of the Domestic Insurer or relocate its home office or its corporate records.

**25. Please describe any intended changes to the executive officers and directors of the Domestic Insurer following the Closing.**

**A:** While the Applicants have no present intention to change the day-to-day management of the business and operations of the Domestic Insurer, the Applicants intend to appoint a new slate of directors and executive officers of the Domestic Insurer effective as of the Closing in order to align with the slate of directors and executive officers of the other insurance companies within the Liberty Mutual group of companies. A list setting forth the names and business addresses of the proposed directors and executive officers of the Domestic Insurer effective as of the Closing was provided to OCI as Exhibit D-1 to the Form A Statement.<sup>2</sup>

NAIC biographical affidavits for the proposed directors and executive officers of the Domestic Insurer were provided to OCI on a supplemental basis after the filing of the Form A Statement. In addition, background verification reports in

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<sup>2</sup> Mr. Sanghera, who recently replaced Ms. Erbig as an executive officer of each of LMHC and LMGI, will replace Ms. Erbig as a proposed executive officer of the Domestic Insurer. Mr. Sanghera will also replace Francis Robinson as a proposed director of the Domestic Insurer. Ms. Erbig will continue as a proposed director of the Domestic Insurer.

respect of these biographical affidavits will be provided directly to OCI by an NAIC-approved third-party verification service on a supplemental basis.

**26. Please describe any proposed changes to the directors and management of SAM following the consummation of the Proposed Transaction.**

**A:** As SAM will no longer serve as the ultimate controlling person of the SAM and STFC group of insurers, the Applicants intend to appoint a new slate of directors and executive officers in order to align with the slate of directors of the other insurance companies within the Liberty Mutual group of companies. A list setting forth the names and business addresses of the proposed directors and executive officers of SAM effective as of the Closing was provided to OCI as Exhibit D-2 to the Form A Statement.<sup>3</sup>

NAIC biographical affidavits for the proposed directors and executive officers of SAM were provided to OCI on a supplemental basis after the filing of the Form A Statement. In addition, background verification reports in respect of these biographical affidavits will be provided directly to OCI by an NAIC-approved third-party verification service on a supplemental basis.

**27. Please describe any proposed changes to intercompany pooling arrangements.**

**A:** As described in the Form A Statement, Liberty Mutual Insurance Company (or LMIC) and its US-domestic affiliated underwriting companies share the results of their respective underwriting activity pursuant to an inter-company reinsurance pooling arrangement. LMIC is the pool leader. All of the pool members within the Liberty Mutual group (other than the pool leader) cede 100% of their underwriting activity to LMIC, net of third party reinsurance, and LMIC in turn retrocedes 50% of the entirety of the pool's underwriting activity to five other pool members in specified percentages and retains the remaining 50%. The remaining pool participants each retain a 0% participation percentage in the reinsurance pool. The Applicants intend to commute an existing reinsurance pooling arrangement in the SAM and STFC group and add the Domestic Insurer (and the other insurers acquired in the Proposed Transaction) to the Liberty Mutual reinsurance pooling arrangement. The Domestic Insurer will retain a 0% participation percentage in the reinsurance pool.

On October 22, 2021, the Applicants submitted to OCI an unexecuted Form D (Prior Notice of a Transaction) relating to the commutation of such existing reinsurance pooling arrangement and the entrance by the Domestic Insurer into the Liberty Mutual reinsurance pooling arrangement. OCI provided its non-disapproval of such Form D (Prior Notice of a Transaction) on November 10, 2021.

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<sup>3</sup> Mr. Sanghera, who recently replaced Ms. Erbig as an executive officer of each of LMHC and LMGI, will replace Ms. Erbig as a proposed executive officer of SAM. Mr. Sanghera will also replace Francis Robinson as a proposed director of SAM. Ms. Erbig will continue as a proposed director of SAM.



**28. How will participation by the Domestic Insurer in the Liberty Mutual reinsurance pool affect the Domestic Insurer's rating?**

**A:** The Liberty Mutual insurance holding company system currently has an "A" rating from A.M. Best Company. As all parties to the Liberty Mutual pooling agreement receive the benefit of the rating given to the Liberty Mutual group by virtue of participation in the pool, it is anticipated that the Domestic Insurer will also receive the benefit of the Liberty Mutual insurance holding company system's rating as a result of becoming a party to the Liberty Mutual pooling agreement.

**29. Please describe any other proposed intercompany agreements.**

**A:** As part of the ongoing integration of the operations of Liberty Mutual's and State Auto's respective businesses, the Applicants anticipate terminating existing inter-company agreements within the State Auto group and intend to cause the Domestic Insurer to enter into new inter-company agreements, including the following agreements with a Liberty Mutual entity as the counterparty: (1) a Management Services Agreement to provide certain services to the Domestic Insurer; (2) an Investment Management Agreement to manage and invest certain assets on behalf of the Domestic Insurer; and (3) a Cash Management Agreement to administer certain short-term investments maturing within 365 days or less of purchase.

In addition, the Applicants plan to add the Domestic Insurer as a party to the Liberty Mutual group's federal tax sharing agreement effective as of Closing, allowing the Domestic Insurer's federal tax return to be consolidated with the same of LMHC and other affiliates.

OCI provided its non-disapproval of a Form D (Prior Notice of a Transaction) in respect of such intercompany agreements on October 14, 2021.

**VI. Statutory Criteria**

**30. Pursuant to the laws of the State of Wisconsin, the Commissioner of the Wisconsin Office of the Commissioner of Insurance shall approve any merger or other acquisition of control if he finds, after a hearing, unless a hearing is not required under sub. (3m) of Wis. Stat. § 611.72, 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 such merger or acquisition of control would satisfy five statutory criteria, as set forth in Wis. Stat. § 611.72(3)(am)1. to 5. The following questions relate to the standards for approval set forth in Wis. Stat. § 611.72(3). Will the Proposed Transaction satisfy these standards?**

**A:** Yes, the Proposed Transaction will satisfy the standards for approval set forth in Wis. Stat. § 611.72(3), and there are no circumstances as described in those statutory provisions that would cause the Commissioner to disapprove the

proposed acquisition of control of the Domestic Insurer. Therefore, I respectfully submit that the proposed acquisition of control of the Domestic Insurer should be approved by the Commissioner.

**31. Will the Proposed Transaction violate the law or be contrary to the interests of the insureds of the Domestic Insurer or of the Wisconsin insureds of any participating nondomestic insurance corporation?**

**A:** No, the Proposed Transaction will not violate the law or be contrary to the interests of the insureds of the Domestic Insurer or of the Wisconsin insureds of any participating nondomestic insurance corporation. To the contrary, the Proposed Transaction will have a positive effect on insureds and, as indicated in the written testimony of my colleague Richard P. Quinlan, has been structured to comply with applicable law.

If consummated, the Proposed Transaction will significantly expand Liberty Mutual's position as an industry leader for personal lines and small commercial insurance. Through the Proposed Transaction, Liberty Mutual will add \$2.3 billion in premium and State Auto's network of approximately 3,400 independent agencies across 33 states and is expected to become the second largest carrier in this key distribution channel.

In addition, the Applicants have significant experience in the property and casualty insurance sector, and the directors and executive officers of the Applicants are individuals of tremendous competence, experience and integrity. Moreover, the Domestic Insurer and other subsidiaries of SAM will be managed by a financially strong organization, as evidenced by the historical financial statements of the Applicants submitted with the Form A Statement. Further, the Applicants have no plans to cause the Domestic Insurer to undergo any material changes to its organization or operations that could be contrary to the interests of its insureds.

In sum, there is no evidence that the Proposed Transaction would violate the law or be contrary to the interests of the insureds of the Domestic Insurer or of the Wisconsin insureds of any participating nondomestic insurance corporation.

**32. The following questions address the five statutory criteria set forth in Wis. Stat. § 611.72(3)(am)1. to 5. First, following the consummation of the Proposed Transaction, will the Domestic Insurer 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?**

**A:** Yes, as described in the written testimony of my colleague Richard P. Quinlan, I understand that, following the consummation of the Proposed Transaction, the Domestic Insurer will be able to continue to satisfy the requirements for the issuance of a license to write the business for which it is presently licensed.

**33. Second, will the effect of the Proposed Transaction not be to create a monopoly or substantially to lessen competition in insurance in Wisconsin?**

**A:** Yes. As more fully set forth in the Form E, and as demonstrated by OCI's non-disapproval letter in respect of the Applicants' Form E filing, the Proposed Transaction will not create a monopoly or substantially lessen competition in insurance in Wisconsin.

**34. Third, is the financial condition of the Applicants not likely to jeopardize the financial stability of the Domestic Insurer or its parent insurance holding corporation, SAM (which will become Reorganized SAM after the Closing), or prejudice the interests of their Wisconsin policyholders?**

**A:** Yes. The historical consolidated financial statements of the Applicants filed with the Form A Statement clearly demonstrate that the Applicants' financial condition will not jeopardize the financial stability of the Domestic Insurer or Reorganized SAM, or prejudice the interests of their Wisconsin policyholders.

The Liberty Mutual group is a diversified global insurer and the fourth largest property and casualty insurer in the U.S. based on 2020 direct written premium. It ranks 71st on the Fortune 100 list of largest corporations in the U.S. based on 2020 revenue. As of December 31, 2020, LMHC had \$145.377 billion in consolidated assets, \$119.420 billion in consolidated liabilities, and \$43.796 billion in annual consolidated revenue.

Therefore, to the contrary, as demonstrated by the historical consolidated financial statements of the Applicants filed with the Form A Statement, the Applicants' financial condition and resources will strengthen the financial stability of Reorganized SAM and the Domestic Insurer, and will enhance the interests of their policyholders, as will the Applicants' longstanding expertise and experience in the property and casualty insurance business.

**35. Fourth, are the plans or proposals which the Applicants have to liquidate the Domestic Insurer or Reorganized SAM, sell its assets, merge it with any person or make any other material change in its businesses or corporate structures or management fair and reasonable to policyholders of the Domestic Insurer or in the public interest?**

**A:** Yes. As indicated in the Form A Statement, the Applicants have no present plans or proposals to liquidate the Domestic Insurer, sell its assets, merge it with any person or, other than as described in the Form A Statement, make any other material change in its business operations, corporate structures or management. With respect to SAM and STFC, the mergers involving SAM and STFC that will take place in accordance with the terms of the Merger Agreement, and the proposed changes to the directors and executive officers of SAM and the Domestic Insurer and other proposed material changes described in the Form A Statement, are fair and reasonable to policyholders of the Domestic Insurer and in

the public interest. In addition, the Proposed Transaction is fair and reasonable to the Domestic Insurer's policyholders and in the public interest because policyholders will continue to enjoy all contractual coverage-related rights under their respective insurance contracts.

**36. Fifth, please discuss whether the competence and integrity of those persons who will control the operation of the Domestic Insurer and Reorganized SAM after the Closing are such that it would be in the interest of the policyholders of the Domestic Insurer and of the public to permit the Proposed Transaction.**

**A:** As described in the Form A Statement, the Applicants intend to appoint a new slate of directors and executive officers of the Domestic Insurer effective as of the Closing in order to align with the slate of directors and executive officers of the other insurance companies within the Liberty Mutual group of companies. A list setting forth the names and business addresses of the proposed directors and executive officers of the Domestic Insurer effective as of the Closing was provided to OCI as Exhibit D-1 to the Form A Statement.<sup>4</sup> I believe all of these proposed directors and executive officers are very well experienced and competent based on their history with the companies they serve and their prior work experience. Further evidence is reflected in the biographical information for such individuals that were submitted to OCI as part of the Form A Statement.

As SAM will no longer serve as the ultimate controlling person of the SAM and STFC group of insurers, the Applicants intend to appoint a new slate of directors and executive officers in order to align with the slate of directors of the other insurance companies within the Liberty Mutual group of companies. A list setting forth the names and business addresses of the proposed directors and executive officers of SAM effective as of the Closing was provided to OCI as Exhibit D-2 to the Form A Statement.<sup>5</sup> I believe all of these proposed directors and executive officers are very well experienced and competent based on their history with the companies they serve and their prior work experience. Further evidence is reflected in the biographical information for such individuals that were submitted to OCI as part of the Form A Statement.

Lists setting forth the names and business addresses of the directors and executive officers of LMHC, MHI and LMGI were provided to OCI as Exhibit C-1, Exhibit

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<sup>4</sup> As indicated in footnote 2, Mr. Sanghera, who recently replaced Ms. Erbig as an executive officer of each of LMHC and LMGI, will replace Ms. Erbig as a proposed executive officer of the Domestic Insurer. Mr. Sanghera will also replace Francis Robinson as a proposed director of the Domestic Insurer. Ms. Erbig will continue as a proposed director of the Domestic Insurer.

<sup>5</sup> As indicated in footnote 3, Mr. Sanghera, who recently replaced Ms. Erbig as an executive officer of each of LMHC and LMGI, will replace Ms. Erbig as a proposed executive officer of SAM. Mr. Sanghera will also replace Francis Robinson as a proposed director of SAM. Ms. Erbig will continue as a proposed director of SAM.

C-2 and Exhibit C-3, respectively, to the Form A Statement.<sup>6</sup> At the Closing, no changes are expected to be made to the Applicants' boards of directors or officers. I believe all of these directors and executive officers of the Applicants are very well experienced and competent based on their history with the companies they serve and their prior work experience. Further evidence is reflected in the biographical information for the directors and executive officers of the Applicants that were submitted to OCI as part of the Form A Statement.

I know a number of the directors and executive officers of the Applicants and the proposed directors and executive officers of the Domestic Insurer and SAM personally. Based on my personal knowledge and the biographical information submitted to OCI, I can confirm that all of these directors and executive officers are not only highly competent and experienced, but individuals of the highest moral integrity.

Based on the above together with the anticipated structure of the board of directors and management of the Domestic Insurer and Reorganized SAM as described in the Form A Statement, the competence and integrity of those persons who will control the operation of the Domestic Insurer and Reorganized SAM after the closing are such that it would be in the interest of the policyholders of the Domestic Insurer and of the public to permit the Proposed Transaction.

## **VII. Closing Remarks**

### **37. Is there anything else that you would like to add at this time?**

**A:** Yes. I would like to thank Commissioner Afable, Hearing Examiner Malm, Mr. Christopher Martin, and the other OCI Staff for their prompt attention to this matter and for their diligence in reviewing the Form A Statement. Based on the record established, including the written testimony of my colleague Richard P. Quinlan submitted to OCI in connection with this hearing, and the filing of the Form A Statement, it is the Applicants' position that the proposed acquisition of control of the Domestic Insurer satisfies all of the applicable standards of review for approval under Wis. Stat. § 611.72 and that the Commissioner has a sufficient and robust record for the issuance of an approval order with respect to the proposed acquisition of control as set forth in the Form A Statement.

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<sup>6</sup> As indicated in footnote 1, on November 10, 2021, Ms. Waleski was appointed to LMHC's board of directors. In addition, Mr. Sanghera replaced Ms. Erbig as an executive officer of each of LMHC and LMGI.


I state under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

FURTHER THE AFFIANT SAYETH NOT



Nik Vasilakos  
Group Head, Mergers & Acquisitions, Liberty  
Mutual Group and  
Vice President Liberty Mutual Group Inc.

SUBSCRIBED and SWORN to before  
me this 18<sup>th</sup> day of November, 2021.

  
Notary Public Kristin DiRocco

My Commission expires: May 5, 2028



**COMMONWEALTH OF MASSACHUSETTS**

**NOTARY CERTIFICATE**

1. The attached Affidavit of Nik Vasilakos on behalf of the Applicants was notarized remotely pursuant to Chapter 71 of the Acts of 2020;
2. The Notary Public was located in Essex County at the time the notarial act was made; and
3. The date the notarial act was completed was November 18, 2021, the date the Affidavit of Nik Vasilakos on behalf of the Applicants was notarized by the Notary Public.

*Kristin DiRocco*

Notary Public: Kristin DiRocco

My commission expires: May 5, 2028

