



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

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 In the Matter of: :
 :
 PROPOSED ACQUISITION OF CONTROL OF :
 :
 EXECUTIVE RISK SPECIALTY INSURANCE COMPANY, :
 an indirect subsidiary of The Chubb Corporation : Docket No. EX15-109
 :
 by :
 :
 ACE LIMITED, ACE GROUP HOLDINGS, INC. and :
 ACE INA HOLDINGS INC. :
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ORDER

I, Katharine L. Wade, Insurance Commissioner of the State of Connecticut, having read the record in the above-captioned matter, do hereby adopt the findings and recommendations of Jon E. Arsenault, Hearing Officer, which are contained in the attached Proposed Final Decision, dated December 4, 2015 and issue the following orders, TO WIT;

1. The Form A Application (“Application”) of ACE Limited (“ACE”), ACE Group Holdings, Inc., (“ACE Group”), and ACE INA Holdings, Inc., (“ACE INA” and collectively with “ACE” and “ACE Group”, the “Applicants”) in which they seek approval by the Insurance Commissioner of the State of Connecticut for the proposed acquisition of control (the “Proposed Acquisition”) of Executive Risk Specialty Insurance Company (“Executive Risk” or “Domestic Insurer”), is hereby approved.

2. The requested exemption from the provisions of Conn. Gen. Stat. §§ 38a-130, 38a-132 and 38a-136(i) for the merger between ACE INA and William Investment Holdings Corporation is hereby approved pursuant to Conn. Gen. Stat. § 38a-133.

3. The Applicants and Domestic Insurer shall conduct their operations consistent with the representations, disclosures and commitments as set forth in the record of this proceeding and proposed final decision.

4. The Applicants shall provide the Insurance Department with written confirmation of the consummation of the acquisition of control of the Domestic Insurer by the end of the month in which the acquisition takes place.

5. The Applicants shall provide the Insurance Department with written details of the final purchase price after all adjustments used to complete the acquisition.

6. The Applicants shall provide the Department with the names and titles of those individuals who will be responsible for the filing and amended Insurance Holding Company System Annual Registration Statement pursuant to Conn. Agencies Regs. § 38a-138-10.

7. Within fifteen (15) days following the end of the month in which the Proposed Acquisition is consummated, the Domestic Insurer shall file an amended Insurance Holding Company System Annual Registration Statement pursuant to Conn. Agencies Regs. § 38a-138-10.

8. For the period of two years, the Applicants shall file semiannually with the Insurance Department, commencing six months from consummation of the Proposed Acquisition, a report under oath of its business operations in Connecticut, including but not limited to, integration process, any change of the business of the Domestic Insurer; changes in offices of the Domestic Insurer; and notice of any statutory compliance or regulatory actions taken by other state regulatory authorities against the Applicants and Domestic Insurer.

9. The request by the Applicants that the Commissioner waive the requirements set forth in Conn. Gen. Stat. Sec. 38a-136(i)(2) with respect to the prohibition against

the Domestic Insurer's payment of any ordinary dividend during the two years following the Proposed Acquisition is approved.

10. The request by the Applicants that the Commissioner waive the requirements set forth in Conn. Gen. Stat. Sec. 38a-136(i)(2) with respect to the prohibition against the Domestic Insurer's acquiring or entering into an agreement or understanding to acquire control during the three years following the Proposed Acquisition of any person or persons whose assets exceeds \$25 million is denied.

11. The request by the Applicants that the Commissioner waive the requirements set forth in Conn. Gen. Stat. Sec. 38a-136(i)(2) with respect to the prohibition against the Domestic Insurer's providing or proposing to provide directly or indirectly, during the three years following the Proposed Acquisition any loans, advances, guarantees, pledges or other financial assistance is denied.

12. The request by the Applicants that the Commissioner waive the requirements set forth in Conn. Gen. Stat. Sec. 38a-136(i)(2) with respect to the prohibition against the Domestic Insurer's engaging in any material transaction as such term is defined in Conn. Gen. Stat. Sec. 38a-136(i) with any person during the three years following the Proposed Acquisition is approved.

13. The request by the Applicants that the Commissioner waive the requirements set forth in Conn. Gen. Stat. Sec. 38a-136(i)(1) with respect to the Domestic Insurer undergoing a financial and market conduct examination within thirty days following the Proposed Acquisition is approved.

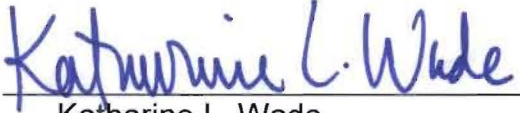
14. Any changes in the location of the books, records or assets of the Domestic Insurer will require the prior approval of the Commissioner.

15. If the Proposed Acquisition is not Consummated within three (3) months of the date of this Order and the Applicants intend to consummate the Proposed

Acquisition, the Applicants shall submit to the Commissioner a statement, which shall include (i) the reason for the Applicants' inability to consummate the Proposed Acquisition; (ii) any material changes in the information contained in the Application; and (iii) the current financial statements of the Applicants and the Domestic Insurer.

16. The Applicants shall pay any expenses incurred by the Commissioner in connection with the Insurance Department's review of the Application pursuant to Conn. Gen. Stat. §38a-132(c).

Dated at Hartford, Connecticut, this 10 day of December, 2015.



Katharine L. Wade
Insurance Commissioner



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

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PROPOSED ACQUISITION OF CONTROL OF	:	
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an indirect subsidiary of The Chubb Corporation	:	Docket No. EX15-109
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ACE LIMITED, ACE GROUP HOLDINGS, INC. and	:	
ACE INA HOLDINGS INC.	:	
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PROPOSED FINAL DECISION

I. INTRODUCTION

On August 14, 2015, ACE Limited (“ACE”), a publicly traded insurance holding company organized under the laws of Switzerland, ACE Group Holdings, Inc., (“ACE Group”), and ACE INA Holdings, Inc., (“ACE INA” and collectively with “ACE” and “ACE Group”, the “Applicants”) each an insurance holding company incorporated in Delaware filed an application on Form A with the Connecticut Insurance Department (the “Department”) pursuant to Conn. Gen. Stat. §38a-130 and Conn. Agencies Regs. §38a-138-6 (the “Application”) requesting approval by the Insurance Commissioner of the State of Connecticut for the proposed acquisition of control (the “Proposed Acquisition”) of Executive Risk Specialty Insurance Company (“Executive Risk” or “Domestic Insurer”), a Connecticut domiciled property and casualty insurance company which is an indirect wholly owned subsidiary of The Chubb Corporation (“Chubb”), a publicly traded insurance holding company incorporated in New Jersey.

The Proposed Acquisition will be effected pursuant to the terms of the Agreement and Plan of Merger dated as of June 30, 2015, by and among ACE, William Investment Holdings Corporation, a New Jersey corporation (“William Holdings”) and Chubb.

The Insurance Commissioner, is required by Conn. Gen. Stat. §38a-132 and Conn. Agencies Regs. §38a-138-6 to hold a public hearing on the Proposed Acquisition of the Domestic Insurer within thirty days after the Commissioner determines that the Application is complete in all respects. In this regard, the Department staff reviewed the Application and thereafter requested the Applicants to file supplemental information. On October 2, 2015, the Applicants filed an amended Application with the Department which amends and restates in its entirety the original Form A text and also includes certain new and revised exhibits (the "Amended Form A").

Based on a determination that the Application was substantially complete, Insurance Commissioner Wade issued a notice of public hearing dated November 5, 2015, in which she ordered that the public hearing be held on November 30, 2015 concerning the application for approval of the Proposed Acquisition of the Domestic Insurer. The hearing notice was subsequently published in *The Hartford Courant*, on November 11, 2015 and November 18, 2015. The notice of hearing was also filed by the Department with the Office of the Secretary of State on November 12, 2015 and was published on the Department's internet website on November 10, 2015. In accordance with Conn. Agencies Regs. §38a-8-48, the Applicants and the Domestic Insurer were designated as parties to this proceeding.

By order dated November 5, 2015, Commissioner Wade appointed the undersigned to serve as Hearing Officer in this proceeding.

On November 30, 2015, the public hearing on the Proposed Acquisition of the Domestic Insurer was held before the undersigned. Mr. John Lupica, Vice Chairman for ACE, Vice Chairman and Executive Vice President – Insurance – North America for ACE Group, and President for ACE INA testified at the public hearing on behalf of the Applicants.

Theodore Tucci Esq., and Edward Samorajczyk Esq. of Robinson & Cole LLP represented the Applicants.

The following Department staff participated in the public hearing: Kathryn P. Belfi, Director of the Financial Regulation Division, Joan Nakano, Supervising Insurance Examiner, and Kristin M. Campanelli, Counsel.

Pursuant to the published hearing notice, the public was given an opportunity to speak at the hearing and to submit written comments on the Application with respect to the issues to be considered by the Commissioner. In this regard, no oral or written comments on the Application were submitted.

II. FINDINGS OF FACT

After reviewing the exhibits entered into record of this proceeding, and based on the written and oral testimony of the witnesses, the undersigned makes the following findings of facts:

1. ACE was incorporated in the Cayman Islands in 1985 and in 2008 moved its place of incorporation from the Cayman Islands to Zurich, Switzerland.
2. ACE's principal business address is Bärengasse 32, Zurich, Switzerland CH-8001.
3. ACE, through its direct and indirect subsidiaries, is a global insurance and reinsurance organization providing a range of insurance and reinsurance products.
4. ACE employs more than 21,000 people with a physical presence in 54 countries and customers in more than 170 countries; approximately 143 employees work within Connecticut.
5. As of 2014, the ACE group of companies had over \$98 billion in assets and more than \$23 billion of gross written premium.
6. The Applicants, with its subsidiaries, are one of the largest multiline property and casualty insurers and provide commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients.

7. The insurance companies of the Applicants serve multinational corporations and local businesses with property and casualty insurance and services; companies and affinity groups offering accident and health insurance programs and life insurance to their employees or members.
8. The Applicants' insurers offer employers management of exposures with reinsurance coverage and individuals purchasing life, personal accident, supplemental health, homeowners, automobile and other specialty insurance coverage.
9. The Applicant operates through five business segments: Insurance- North American P&C; Insurance – North American Agriculture; Insurance- Overseas General; Global Reinsurance and Life.
10. ACE Group is a Delaware insurance holding company incorporated in 1999, with its principal business address as 1133 Avenue of the Americas, New York, New York 10036.
11. ACE INA is a Delaware insurance holding company incorporated in 1988 with its principal business address as 436 Walnut Street, Philadelphia, Pennsylvania 19106.
12. The direct acquiring person of the Domestic Insurer is ACE INA.
13. ACE INA is a direct subsidiary of ACE Group and ACE Group is a wholly owned direct subsidiary of ACE.
14. The Domestic Insurer is located at 82 Hopmeadow Street, Simsbury, Connecticut 06070.
15. The Chubb Group of Insurance Companies is the marketing term used to describe several separately incorporated insurance companies under the common ownership of the Chubb Corporation.
16. Members of the Chubb Group of Insurance Companies have provided property and casualty insurance products since 1882.
17. Chubb is listed on the New York Stock Exchange.

18. Together with its subsidiaries, Chubb employs approximately 10,300 people throughout North America, Europe, Latin America, Asia and Australia; approximately 529 employees work within Connecticut.
19. Chubb's headquarters are located at 15 Mountain View Road, Warren, New Jersey.
20. Chubb provides a variety of property and casualty insurance products designed to meet the needs of various commercial and individual consumer segments.
21. The Domestic Insurer is licensed only in the State of Connecticut and is an eligible surplus lines writer in all other states, the District of Columbia, American Samoa, Guam, Puerto Rico, the U.S. Virgin Islands and the Northern Mariana Islands, and is primarily writes professional liability insurance (other than medical malpractice) and management liability insurance.
22. The Proposed Acquisition will be effected through the merger of William Holdings, a direct wholly owned subsidiary of ACE INA, with and into Chubb, with Chubb surviving the merger.
23. Following the merger, it is anticipated that Chubb will merge with and into ACE INA with ACE INA as the surviving corporation.
24. After the merger of Chubb with and into ACE INA, the Domestic Insurer will be a wholly owned subsidiary of ACE INA and ACE INA will remain an indirect wholly owned subsidiary of ACE.
25. Upon completion of the transaction, Chubb will continue to operate under its name while the combined company transitions to operate under the Chubb name globally.
26. Mr. Lupica testified that no changes will be made to the Domestic Insurer such that it would not be able to satisfy the requirements for the issuance of its licenses.
27. The Applicants have no immediate plans to change the business written by Chubb, though the Applicants anticipate that additional opportunities will arise for cross-selling and expansion of products offered.

28. The aggregate consideration for the proposed acquisition is valued at \$28 billion subject to certain closing conditions.
29. This is an equivalent of \$125.87 per Chubb share using the Applicants' 20 day volume weighted average share price for the period ending June 30, 2015.
30. ACE intends to fund the consideration from a combination of:
 - a. \$6 billion of dividends from several of the Applicants' United States and Bermuda insurance company subsidiaries
 - b. \$3 billion of dividends from Chubb and Federal Insurance Company or a short term loan of such amount
 - c. \$5.3 billion from the issuance of senior unsecured notes guaranteed by ACE with a range of maturities to be determined, and
 - d. A contribution of ACE common shares valued at approximately \$14 billion.
31. Of the \$6 billion in dividends that are currently contemplated to be paid from the Applicants and its affiliates, only \$125 million would require approval from a regulator as an extraordinary dividend.
32. If any portion of the proposed \$6 billion on dividends was unavailable due to regulatory disapproval, the Applicants currently expect that it would fund the corresponding shortfall from excess capital and/or surplus in its Bermuda operation.
33. Upon closing of the transaction, the Applicants' shareholders will own 70% of the combined company and Chubb shareholders will own 30%.
34. The transaction is expected to produce a goodwill payback in approximately 5.5 years.
35. The transaction is expected to produce \$650 million of annual run-rate expense efficiencies expected to be realized by 2018.
36. The nature and amount of consideration to be paid for the Chubb shares was determined by arm's length negotiations between unaffiliated parties assisted by independent advisors.

37. As of December 31, 2014, ACE Limited reported the following GAAP consolidated balance sheet and income statement accounts (in millions):

As of December 31, 2014	ACE, Limited
Total Assets	\$98,248
Total Liabilities	29,587
Total Equity	2,853
Net Premiums Written	17,799

38. The Applicants' A.M. Best ratings as of July 2, 2015 are:

Company	A.M. Best's Long Term Issuer Credit Rating
ACE LIMITED	A+u
ACE Group Holdings, Inc	N/A
ACE INA Holdings, Inc/	A+u

39. The ACE Board of Directors will be expanded from 14 to 18 directors and four independent directors from the pre-acquisition Chubb Board of Directors will be elected to the ACE Board of Directors.

40. Pre-Acquisition Directors and Officers of Applicants and Domestic Insurer are:

ACE

Atieh, Michael G.	Director
Cirillo, Mary A.	Director
Connors, Michael Patrick	Director
Edwardson, John	Director
Greenberg, Evan G.	Director, Chairman, President and Chief Executive Officer
Hernandez, Robert Michael	Lead Director
Menikoff, Peter	Director
Mullin, Leo F.	Director
Ross, Kimberly Ann	Director
Scully, Robert William	Director
Shanks, Jr., Eugene Baylis	Director
Shasta, Theodore Efthimion	Director
Sidwell, David Hugh	Director
Steimer, Olivier	Director
Bancroft, Philip V.	Chief Financial Officer
Boroughs, Timothy A.	Executive Vice President, Chief Investment Officer
Keogh, John William	Vice Chairman and Chief Operating

	Officer
Lupica, John J.	Vice Chairman
Ringstead, Sean	Chief Risk Officer
Wayland, Joseph F.	General Counsel and Secretary

ACE Group Holdings

Boroughs, Timothy A.	Director
Bancroft, Philip V.	Director and Chief Financial Officer
Bonneau, Jacques Q.	Director and Chief Underwriting Officer
Clancy, Edward P.	Executive Vice President- Global Accident & Health and Life
Collins, Rebecca L.	Secretary
Greenberg, Evan G.	Director, Chief Executive Officer, Chairman and President
Keogh, John William	Director, Vice Chairman and Executive Vice President
Koreyva, Kenneth	Treasurer
Lupica, John J.	Director, Vice Chairman and Executive Vice President – Insurance – North America
Ringsted, Sean	Director and Chief Actuary
Wayland, Joseph F.	Director and General Counsel

ACE INA

Bancroft, Philip V.	Director
Boroughs, Timothy A.	Director
Greenberg, Evan A.	Director
Betzler, Richard F.	Treasurer
Clancy, Edward P.	Executive Vice President
Collins, Rebecca L.	Secretary
Keough, John William	Director and Chairman
Koreyva, Kenneth	Chief Financial Officer and Senior Vice President
Lupica, John J.	Director and President
O'Connell, Paul G.	Chief Actuary
Wayland, Joseph F.	General Counsel

Domestic Insurer

Barnes, Walter Brian	Vice President and Actuary
Brundage, Maureen Ann	Director
Cox, Robert Chantry	Director, President and Chief Executive Officer
Krump, Paul Joseph	Director and Chairman
Maloney, Michael John	Director
Morrison, Jr., Harold Lawrence	Director
Robusto, Dino Ennio	Director
Pacicco, Daniel Anthony	Vice President and Treasurer

Spiro, Richard Glenn	Senior Vice President
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CHUBB CORPORATION

Budinger, Zoe Baird	Director
Burke, Sheila P.	Director
Cash, Jr., James I.	Director
Finnegan, John D.	Director, Chairman, President and Chief Executive Officer
Flynn, Timothy P.	Director
Hoguet, Karen M.	Director
Kellner, Lawrence W.	Director
McGuinn, Martin G.	Director
Small, Lawrence M.	Director
Soderberg, Jess	Director
Somers, Daniel E.	Director
Weldon, William C.	Director
Zimmerman, James M.	Director
Zollar, Alfred W.	Director
Barnes, W. Brian	Sr. VP and Chief Actuary of Chubb & Son, a division of Federal Insurance Company
Brundage, Maureen A.	Executive VP., General Counsel and Corporate Secretary
Cox, Robert C.	Executive VP of Chubb & Son
Kennedy, John J.	Sr. VP and Chief Accounting Officer
Korsgaard, Mark P.	Executive VP of Chubb & Son
Krump, Paul J.	President of Personal Lines and Claims of Chubb & Son
Morrison, Jr., Harold L.	Exec. VP, Chief Global Field Officer and Chief Administrative Officer of Chubb & Son
Pozzi, Steven R.	Exec VP of Chubb & Son
Robusto, Dino E.	President of Commercial and Specialty Lines of Chubb & Son
Spiro, Richard G.	Exec VP and Chief Financial Officer
Tierney, Kathleen M.	Exec VP of Chubb & Son

41. Post acquisition directors are expected to be the following, subject to approval of ACE shareholders.

ACE

Atieh, Michael G.	Director
Burke, Sheila P.	Director
Cash, Jr., James I.	Director
Cirillo, Mary A.	Director
Connors, Michael Patrick	Director
Edwardson, John	Director
Greenberg, Evan G.	Director

Hernandez, Robert Michael	Lead Director
Kellner, Lawrence W.	Director
Meinikoff, Peter	Director
Mullin, Leo F.	Director
Ross, Kimberly Ann	Director
Scully, Robert William	Director
Shanks, Jr., Eugene Baylis	Director
Shasta Theodore Efthimion	Director
Sidwell, David Hugh	Director
Steimer, Olivier	Director
Zimmerman, James M.	Director

42. The Applicants expect that upon completion of the Proposed acquisition, some or all of the following persons will be members of the board of directors, and/or yet to be determined executive officers of the Domestic Insurer:

- John J. Lupica
- James M. English
- Joseph F. Fisher
- Paul G. O'Connell
- Kevin M. Rampe
- Bruce L. Kessler

43. The biographical affidavits of the members of the board of directors and officers of the Applicants included in the record of this proceeding and the files of the Department, describe each individual's educational background, professional credentials, and employment history, and attests to the competence, experience and integrity of those individuals who would control the operation of the Applicants and indirectly the Domestic Insurer after the acquisition.

44. Because Chubb will continue to control the Domestic Insurer following the Proposed Acquisition, the Applicants have requested an exemption from the provisions of Conn. Gen. Stat. §§ 38a-130, 38a-132 and 38a-136(i) for the reorganization merger between ACE INA and William Holdings pursuant to Conn. Gen. Stat. § 38a-133.

45. The Applicants have no plans or proposals to liquidate the Domestic Insurer, to sell its assets, merge or consolidate the Domestic Insurer with any other person or entity.
46. The Applicants have no current plans to make any other material change in the Domestic Insurer's business operation or corporate structure or management, or cause the Domestic Insurer to enter into material agreements, arrangements or transactions of any kind with any party.
47. The Applicants have no current plans to change the Domestic Insurer's primary location in Simsbury, Connecticut.
48. The Applicants have no current plans to reduce employment in Connecticut; staffing needs will be determined following completion of the Proposed Acquisition.
49. With respect to integration, the Applicants have established a governance framework with the implementation of an Integration Management Office which will provide overall workplace and milestone guidance to all of the Applicants' working teams.
50. The Applicants are leveraging internal consulting teams of ACE and CHUBB as well as an external firm, Cleary and Company, to provide structure, guidance, and project/analysis resources to support all of the Applicants' working teams.
51. All working teams are providing weekly status reports to the Applicants' senior management, including accomplishments, planned activities, risks and issues against prescribed milestones.
52. The Integration Management Office is reporting to executive management, including Evan Greenberg, Chief Executive Officer of ACE formally on a biweekly basis.
53. Full integration governance is in place and is being led by experienced integration professionals along with external assistance.
54. The Applicants will comply with all requirements under applicable law relating to retention of the Domestic Insurer's books and records within the state and will remain

in compliance with Insurance Department Bulletin FS-2 concerning custody of securities.

55. The Applicants and the Domestic Insurer actively support charitable endeavors around the world, providing support through the sharing of risk mitigation knowledge and expertise, the sponsorship of matching gift programs and through the fostering of employee philanthropy and volunteerism in local communities where employees live and work. The Applicants intend to continue to provide meaningful support for charitable endeavors locally and globally after completion of the Proposed Acquisition.
56. The Applicants expect to continue the current underwriting process and philosophy for Chubb's various business segments and do not anticipate reductions in coverage as Chubb's policyholders as a result of the Proposed Acquisition.
57. The Applicants do not anticipate that the Proposed Acquisition will have any significant effect on Chubb's existing agency/agent contracts.
58. The Applicants received notice on September 30, 2015 from the U.S. Federal Trade Commission that it had granted early termination, effective immediately, of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 for the Applicants' proposed acquisition of Chubb.

III. DISCUSSION

The Insurance Commissioner is required to approve the Proposed Acquisition unless, after a public hearing, she finds that the proposed acquisition of control of the Domestic Insurer would result in any of the conditions set forth in Conn. Gen. Stat. § 38a-132(a)(1) through (6). These conditions will be addressed in turn.

(1) After the change of control, the Domestic Insurer would not be able to satisfy the requirements for the issuance of A license to write the lines of business for which it is presently licensed.

Conn. Gen. Stat. § 38a-132(a)(1) requires the Domestic Insurer to satisfy the requirements for the issuance of licenses to write the line or lines of business for which it is presently licensed following the proposed acquisition of control. The Domestic Insurer is currently licensed pursuant to Conn. Gen. Stat. §38a-41 and satisfies the requirement for the issuance of a license to write the lines of business for which they are licensed. Mr. Lupica testified that no changes will be made to the Domestic Insurer such that it would not be able to satisfy the requirements for the issuance of its licenses.

In addition to the criteria set forth in Conn. Gen. Stat. §38a-72, the Department considers the location of the company's books, records and assets, and the management of the company when evaluating an insurer's ability to operate in this state pursuant to Conn. Gen. Stat. §38a-41. The Applicants in testimony and submissions have confirmed that books and records will remain in their present location in Connecticut and the Applicants confirmed they will remain in compliance with Insurance Department Bulletin No. FS-2 with respect to custody arrangements for securities.

As noted in the findings of fact, following consummation of the Proposed Acquisition, the Applicants have no plans or proposals to liquidate the Domestic Insurer, to sell its assets, merge or consolidate the Domestic Insurer with any other person or entity. There are no plans for the Domestic Insurer to enter into any material contract, agreement, arrangement or transaction of any kind with any person or entity.

Moreover, based on the information contained in the biographical affidavits for the directors and officers of the Applicant and proposed for the Domestic Insurer, the competence, experience and integrity of the individuals who will be responsible for the governance and operation of the Domestic Insurer following the consummation of the proposed transaction, are

such that the safe and expert operation of the Domestic Insurer will continue following the Proposed Acquisition.

Accordingly, the undersigned hereby finds that the evidence contained in the record supports a finding that the Domestic Insurer will be able to satisfy the requirements for the issuance of the necessary license of an insurer for which they are presently licensed following completion of the Proposed Acquisition of control.

(2) The effect of the merger or other acquisition of control would be to substantially lessen competition of insurance in this state or tend to create a monopoly in Connecticut.

Conn. Gen. Stat. § 38a-132(a)(2) requires that the proposed transaction neither substantially lessens competition nor creates a monopoly in the Connecticut insurance market. In evaluating the effect of the proposed acquisition on competition in Connecticut, the Commissioner is required by Conn. Gen. Stat. § 38a-132(a)((2)(A) to consider the information required under Conn. Gen. Stat. § 38a-131(c)(1) and the considerations specified in Conn. Gen. Stat. § 38a-131(d)(1). In this regard, the Commissioner must consider the percentages of market shares of the Applicants and affiliates and the Domestic Insurer and affiliates and the market in which the insurers compete, as set forth in Conn. Gen. Stat. § 38a-131(d)(1). If certain quantitative criteria are met, then there is *prima facie* evidence that the competitive standard has been violated. (See Conn. Gen. Stat. § 38a-131(d)(1)). Even if such *prima facie* evidence exists, the proposed acquisition may nonetheless satisfy the overall standard if there is other substantial evidence that suggests that the proposed acquisition will not have an anticompetitive effect. (See Conn. Gen. Stat. § 38a-131(d)(3)(B)). Factors relevant to such other evidence include, but are not limited to, market shares, the volatility of market leader rankings, the number of competitors in the market, the concentration and the trend in

concentration in the insurance industry and ease of entry to and exit from the market. (See Conn. Gen. Stat. § 38a-131(d)(3)(A)).

Conn. Gen. Stat. § 38a-131(d)(2) defines “market” as the relevant product and geographical markets. In determining the relevant product and geographical markets, Conn. Gen. Stat. § 38a-131(d)(2) specifies that in the absence of sufficient information to the contrary, the relevant product market shall be the direct written insurance premium for a line of business as used in the annual statement insurers doing business in this are required to file with the Commissioner, and the relevant geographical market shall be Connecticut.

The Applicants' Amended Form A contains an analysis of the competitive impact of the Proposed Acquisition showing the direct premiums written by the Applicants and its affiliates, and the Domestic Insurer and its affiliates in the State of Connecticut, as well as comparative market share, by annual statement line of business, for each of the past five years.

Conn. Gen. Stat. §38a-131(d)(1)(A)(ii) provides that a highly concentrated market is one in which the share of the four largest insurance companies is seventy-five per cent or more of the market. According to that definition, Connecticut is not considered to be a highly concentrated property and casualty market. There are over 100 carriers in the Connecticut market which offer various lines of property and casualty insurance with the four largest carriers accounting for only 22.74% of market share and neither of the parties to this transaction is in the top four. One or both of the parties to the proposed transaction have written premiums in 33 lines of business in Connecticut. Following the Proposed Acquisition, there are six lines of business in which one or both parties exceed the statutory market share positions which would provide *prima facie* evidence of a violation of competitive standards pursuant to Conn. Gen. Stat. §38a-131 as provided below:

Insurer A	Insurer B
5%	5% or more
10%	4% or more
15%	3% or more
19%	1% or more

These are the relevant six lines:

Line of Business	Chubb	Ace
Other Liability – Occurrence	6.56%	7.75%
Other Liability – Claims Made	9.67%	5.79%
Private Passenger Auto No Fault	23.78%	5.47%
Group A&H	4.52%	28.71%
Fidelity	28.39%	2.80%
Burglary & Theft	19.52%	2.65%

Notwithstanding these market shares which exceed the statutory maximums on these six lines, the undersigned concludes that this will not result in an overall anticompetitive market. There are an excess of 30 insurers, and in some of these six lines, in excess of 100 competing carriers in the market. That reflects that there is ease of market entry in Connecticut and there is ample opportunity for purchasers to obtain competitive quotes and alternatives to the parties involved in this transaction.

In addition, as noted in Mr. Lupica's testimony, on September 2, 2015, ACE, submitted to the Department its Form E Pre-Acquisition Notification (in accordance with Conn. Agencies Regs. § 38a-138-7b) relating to the proposed acquisition, which provided the market and market share information required to be reported in the form. By letter dated October 7, 2015, the Department notified ACE that the Department had completed its review of the Form E Pre-

Acquisition Notification submitted by ACE and had determined that the proposed acquisition will not substantially lessen competition or create a monopoly in Connecticut.

Moreover, the United States Federal Trade Commission (“FTC”) granted early termination on September 30, 2015 of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 for the Applicants’ proposed acquisition of Chubb which reflects a determination that the FTC did not find any potential harm to competition as a result of the Proposed Acquisition. Therefore, an inference is drawn that there was no finding by the FTC that the proposed acquisition by the Applicants of the Domestic Insurer would substantially lessen competition or create a monopoly.

Accordingly, the undersigned hereby finds that based on the evidence contained in the record of this proceeding, the effect of the acquisition of control of the Domestic Insurer by the Applicants will not substantially lessen competition of insurance in this state or tend to create a monopoly in Connecticut.

(3) The financial condition of the acquiring party is such as might jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders.

Conn. Gen. Stat. § 38a-132(a)(3) requires that the financial condition of any acquiring company be in sufficiently sound financial condition so as not to jeopardize the financial stability of the domestic insurer or prejudice the interests of its policyholders. Based on the information entered into the record of this proceeding, including the Amended Form A and the testimony of Mr. Lupica, the undersigned hereby finds that there is no evidence indicating that the financial condition of the Applicants might jeopardize the financial condition of the Domestic Insurer, or prejudice the interest of its policyholders.

- (4) The plans or proposals of the acquiring party to liquidate the Domestic Insurer, sell its assets or consolidate or merge it with any person, or make any other material change in the business or corporate structure or management, are unfair and unreasonable to policyholders of the Domestic Insurer and not in the public interest.**

Conn. Gen. Stat. § 38a-132(a)(4) requires that the acquiring party not be contemplating any material changes in the business of the domestic insurer that would be unfair and unreasonable to policyholders, or otherwise would not be in the public interest. The testimony of Mr. Lupica noted that as indicated in the Form A, the Applicants do not have, nor do they contemplate, any plans or proposals to liquidate the Domestic Insurer, to sell any of its assets or merge or consolidate it with any person or persons. Upon completion of the Proposed Acquisition, the Executive Risk Specialty Insurance Company will be a wholly owned subsidiary of ACE INA. As Mr. Lupica further testified, as described in the Form A, the Applicants are currently considering potential synergies that may be achieved as a result of the Proposed Acquisition but the Applicants have no immediate plans to make any other material change in the Domestic Insurer's business operations or corporate structure or management, or cause the Domestic Insurer to enter into material agreements, arrangements or transactions of any kind with any party. Accordingly, based on the information entered into the record of this proceeding, the undersigned hereby finds that there are no material plans or proposals for the Domestic Insurer that are unfair and unreasonable to policyholders of the Domestic Insurer or not in the public interest.

- (5) The competence, experience and integrity of those persons who would control the operation of the Domestic Insurer are such that it would not be in the interest of the policyholders of the Domestic Insurer and of the public to permit the merger or other acquisition of control.**

Conn. Gen. Stat. § 38a-132(a)(5) requires that the competence, experience and integrity of those persons who would control the operation of the Domestic Insurer post-acquisition be of sufficient quality so as not to be prejudicial or contrary to the interests of the policyholders and of the public. The record includes the biographical affidavits and third party reports of those individuals who will serve as members of the board and as officers of the Applicants and the Domestic Insurer following the change of control. The biographical affidavits disclose each individual's education background, professional credentials and their employment history. In addition, the Applicants have represented, and the biographical affidavits confirm, that during the last ten years, none of the proposed directors or officers of the Applicants and Domestic Insurer has been convicted in a criminal proceeding (excluding minor traffic violations) or have been convicted or otherwise penalized for violating any federal or state law regulating the business of insurance, securities or banking. During the last ten years, none of the proposed directors or officers of the Applicants or Domestic Insurer has been the subject of any proceeding under the Federal Bankruptcy Code, or have been affiliated with a business or organization which has been subject to such proceeding.

Furthermore, no proposed director or officer of the Applicants or Domestic Insurer has had a revocation, suspension or disciplinary sanction imposed against him or her by a governmental agency. None of the filed biographical affidavits contain any information that reflects negatively on the integrity of these individuals. Accordingly, the undersigned hereby finds that the competence, experience, and integrity of those persons who would control the operations of the Domestic Insurer after completion of the Proposed Acquisition are sufficient to indicate that the interest of policyholders of the Domestic Insurer and of the public will not be jeopardized by the Applicants' acquisition of control of the Domestic Insurer.

(6) The acquisition of control of the Domestic Insurer is likely to be hazardous or prejudicial to those buying insurance.

Conn. Gen. Stat. § 38a-132(a)(6) requires that the proposed acquisition not be hazardous or prejudicial to the insurance buying public. Based on the financial strength of the Applicants, the competence, experience and integrity of those persons who would control the operation of the Domestic Insurer post-acquisition, the testimony of Mr. Lupica, and the affirmation that the current plans of the Applicants for the Domestic Insurer will not disrupt the Domestic Insurer's current policyholders and will provide a strong and stable financial environment for the Domestic Insurer, the Proposed Acquisition is not likely to be hazardous or prejudicial to those buying insurance.

Accordingly, assuming compliance with all Connecticut's insurance statutes and regulations, the undersigned hereby finds that it is reasonable to conclude that the Proposed Acquisition is not likely to be hazardous or prejudicial to those buying insurance.

IV. RECOMMENDATION

Based on the foregoing findings of fact and the discussion; the written testimony and exhibits submitted to the Department; and the record of the November 30, 2015 public hearing, the undersigned hereby concludes that no condition justifying disapproval listed in Conn. Gen. Stat. §38a-132(a) is present with respect to completion of the Proposed Acquisition. Accordingly, the undersigned recommends that the Insurance Commissioner find, pursuant to Conn. Gen. Stat. § 38a-132(a) that after the Proposed Acquisition of control (i) the Domestic Insurer will be able to satisfy the requirements for the issuance of a license for the lines of business for which it is presently licensed; (ii) the effect of the acquisition of control of the Domestic Insurer will not substantially lessen competition of insurance in this state or tend to create a monopoly therein; (iii) the financial condition of the Applicants is not such as might

jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders; (iv) the Applicants' plans or proposals for the Domestic Insurer are not unfair and unreasonable to the policyholders of the Domestic Insurer and are not contrary to the public interest; (v) the competence, experience and integrity of those individuals who will control the Domestic Insurer after the acquisition are sufficient to indicate that that the interest of the policyholders of the Domestic Insurer and the public will not be jeopardized by the Applicants' acquisition of control of the Domestic Insurer; and (vi) the Proposed Acquisition is not likely to be hazardous or prejudicial to those buying insurance.

Accordingly, the undersigned recommends that the Commissioner issue the following orders:

1. The Application of the Applicants in which they seek approval to acquire control of the Domestic Insurer is hereby approved.

2. The requested exemption from the provisions of Conn. Gen. Stat. §§ 38a-130, 38a-132 and 38a-136(i) for the merger between ACE INA and William Investment Holdings Corporation is hereby approved pursuant to Conn. Gen. Stat. § 38a-133.

3. The Applicants and Domestic Insurer shall conduct their operations consistent with the representations, disclosures and commitments as set forth in the record of this proceeding and proposed final decision.

4. The Applicants shall provide the Insurance Department with written confirmation of the consummation of the acquisition of control by the end of the month in which the acquisition takes place.

5. The Applicants shall provide the Insurance Department with written details of the final purchase price after all adjustments used to complete the acquisition.

6. The Applicants shall provide the Department with the names and titles of those individuals who will be responsible for the filing and amended Insurance Holding Company System Annual Registration Statement pursuant to Conn. Agencies Regs. §38a-138-10.

7. Within fifteen (15) days following the end of the month in which the Proposed Acquisition is consummated, the Domestic Insurer shall file an amended Insurance Holding Company System Annual Registration Statement pursuant to Conn. Agencies Regs. §38a-138-10.

8. For the period of two years, the Applicants shall file semiannually with the Insurance Department, commencing six months from consummation of the Proposed Acquisition, a report under oath of its business operations in Connecticut, including but not limited to, integration process, any change of the business of the Domestic Insurer; changes in offices of the Domestic Insurer; and notice of any statutory compliance or regulatory actions taken by other state regulatory authorities against the Applicants and Domestic Insurer.

9. The request by the Applicants that the Commissioner waive the requirements set forth in Conn. Gen. Stat. Sec. 38a-136(i)(2) with respect to the prohibition against the Domestic Insurer's payment of any ordinary dividend during the two years following the Proposed Acquisition is approved.

10. The request by the Applicants that the Commissioner waive the requirements set forth in Conn. Gen. Stat. Sec. 38a-136(i)(2) with respect to the prohibition against the Domestic Insurer's acquiring or entering into an agreement or understanding to acquire control during the three years following the Proposed Acquisition of any person or persons whose assets exceeds \$25 million is denied.

11. The request by the Applicants that the Commissioner waive the requirements set forth in Conn. Gen. Stat. Sec. 38a-136(i)(2) with respect to the prohibition against the Domestic Insurer's providing or proposing to provide directly or indirectly, during the three years following the Proposed Acquisition any loans, advances, guarantees, pledges or other financial assistance is denied.

12. The request by the Applicants that the Commissioner waive the requirements set forth in Conn. Gen. Stat. Sec. 38a-136(i)(2) with respect to the prohibition against the Domestic Insurer's engaging in any material transaction as such term is defined in Conn. Gen. Stat. Sec. 38a-136(i) with any person during the three years following the Proposed Acquisition is approved.

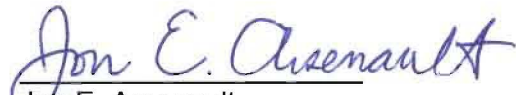
13. The request by the Applicants that the Commissioner waive the requirements set forth in Conn. Gen. Stat. Sec. 38a-136(i)(1) with respect to the Domestic Insurer undergoing a financial and market conduct examination within thirty days following the Proposed Acquisition is approved.

14. Any changes in the location of the books, records or assets of the Domestic Insurer will require the prior approval of the Commissioner.

15. If the Proposed Acquisition is not Consummated within three (3) months of the date of this Order and the Applicants intend to consummate the Proposed Acquisition, the Applicants shall submit to the Commissioner a statement, which shall include (i) the reason for the Applicants' inability to consummate the Proposed Acquisition; (ii) any material changes in the information contained in the Application; and (iii) the current financial statements of the Applicants and the Domestic Insurer.

16. The Applicants shall pay any expenses incurred by the Commissioner in connection with the Insurance Department's review of the Application pursuant to Conn. Gen. Stat. §38a-132(c).

Dated at Hartford, Connecticut, this 4th day of December, 2015.


Jon E. Arsenault
Hearing Officer