

BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF IOWA

In the matter of the application of)
CF CORPORATION, FGL MERGER)
SUB INC., FGL US HOLDINGS INC.,)
CF BERMUDA HOLDINGS)
LIMITED, CHINH E. CHU,)
WILLIAM P. FOLEY, II, FIDELITY)
NATIONAL FINANCIAL, INC., CFS)
HOLDINGS (CAYMAN), L.P., CFS)
HOLDINGS II (CAYMAN), L.P.,)
BLACKSTONE GROUP)
MANAGEMENT L.L.C., THE)
BLACKSTONE GROUP L.P.,)
BLACKSTONE HOLDINGS III GP)
MANAGEMENT L.L.C.,)
BLACKSTONE HOLDINGS III GP)
L.P., BLACKSTONE HOLDINGS III)
L.P., BLACKSTONE TACTICAL)
OPPORTUNITIES LR)
ASSOCIATES-B (CAYMAN) LTD.,)
CFS HOLDINGS (CAYMAN))
MANAGER L.L.C., QASIM ABBAS,)
MALCOLM JACKSON, KISHORE)
MOORJANI, ANDREA VALERI,)
STEPHEN SCHWARZMAN, and)
MENES O. CHEE for approval of a)
plan to acquire control of FIDELITY)
& GUARANTY LIFE INSURANCE)
COMPANY)

**FINDINGS OF FACT,
CONCLUSIONS OF LAW,
AND ORDER**
(Iowa Code chapter 521A)

I. INTRODUCTION

CF Corporation, a Cayman exempted corporation (“CF Corp.”), FGL Merger Sub Inc., a Delaware corporation (“Merger Sub”), FGL US Holdings Inc., a Delaware corporation (“Parent”), CF Bermuda Holdings Limited, a Bermuda exempted company (“CF Bermuda”), Chinh E. Chu, William P. Foley, II, Fidelity National Financial, Inc., a Delaware corporation (“FNFI”), CFS Holdings (Cayman), L.P., a Cayman limited partnership (“CFS Holdings”), CFS Holdings II (Cayman), L.P., a Cayman limited partnership (“CFS Holdings II”), Blackstone Group Management L.L.C., a Delaware limited liability company, The Blackstone Group L.P., a Delaware limited partnership (“Blackstone”), Blackstone Holdings III GP Management L.L.C., a Delaware limited liability company, Blackstone Holdings III GP L.P., a Delaware limited partnership, Blackstone Holdings III L.P., a Quebec, Canada limited partnership, Blackstone Tactical Opportunities LR Associates-B (Cayman) Ltd., a Cayman exempted company (“BTO LR Associates-B”), CFS Holdings (Cayman) Manager L.L.C., a Cayman exempted company,

Qasim Abbas, Malcolm Jackson, Kishore Moorjani, Andrea Valeri, Stephen A. Schwarzman, and Menes O. Chee (collectively, the “Applicants”) seek permission to acquire control of Fidelity & Guaranty Life Insurance Company, an Iowa domestic insurer (the “Domestic Insurer”) and a direct or indirect wholly-owned subsidiary of Fidelity & Guaranty Life, a Delaware corporation (“FGL”). The Merger Agreement (the “Merger Agreement”), dated as of May 24, 2017, among CF Corp., Parent, Merger Sub and FGL provides that, subject to the terms and conditions contained in the Merger Agreement, the Merger Sub, a wholly-owned indirect subsidiary of CF Corp., will merge with and into FGL, with FGL surviving the merger as a wholly-owned indirect subsidiary under the control of CF Corp. at the effective time of the merger.

In accordance with the provisions of Iowa Code¹ § 521A.3, Applicants have filed an Amended and Restated Form A (the “Form A Statement”) applying for approval of its acquisition of control of the Domestic Insurer with the Commissioner of Insurance of the State of Iowa (the “Commissioner”).

Pursuant to the provisions of Iowa Code § 521A.3(4)(b), and at the request of Applicants, a public hearing was held Tuesday, November 7, 2017, at the Iowa Insurance Division (“Division”) for the purpose of determining whether the proposed acquisition of control of the Domestic Insurer by Applicants complies with the statutory requirements set forth in Iowa Code § 521A.3(4)(a). The Applicants appeared either individually, by officer or by counsel. The Domestic Insurer appeared by officer and by counsel.

II. JURISDICTION

Notice of the public hearing conducted on November 7, 2017, was provided to the parties in accordance with Iowa Code § 17A.12. (*Exhibit A*) The Commissioner has jurisdiction over this matter under Iowa Code §§ 17A.11, 17A.12 and 521A.3.

III. EVIDENCE PRESENTED

At the public hearing Applicant offered seven exhibits as follows:

Exhibit A: Notice of Public Hearing on the Amended and Restated Form A Statement issued by the Insurance Division of Iowa to the Applicants (the “Notice of Public Hearing”), dated October 6, 2017.

Exhibit B: Letter from the Applicants to the Division, dated October 23, 2017, authorizing Mr. Menes O. Chee to testify to the Commissioner on their behalf.

Exhibit C: Copy of Amended and Restated Form A Statement regarding the acquisition of control of the Domestic Insurer by the Applicants, dated August 10, 2017,

¹ All references to Iowa Code herein are to the Code of 2017.

certain portions of which are held confidential pursuant to the provisions of Iowa Code §§ 22.7(6) and 505.8(9) and Iowa Administrative Code rule 191-1.3(11)(c), as filed with the Division.

Exhibit D: Copy of Form D Statement, as amended, dated August 11, 2017, with respect to a proposed investment management agreement (the "Investment Management Agreement"), all of which is held confidential pursuant to the provisions of Iowa Code § 521A.7 and Iowa Administrative Code rule 191-45.9(1), as filed with the Division.

Exhibit E: Copy of Form D Statement, dated July 11, 2017, with respect to a proposed modified coinsurance agreement (the "Modco Agreement"), all of which is held confidential pursuant to the provisions of Iowa Code § 521A.7 and Iowa Administrative Code rule 191-45.9(1), as filed with the Division.

Exhibit F: Letter from the Applicants to the Division, dated June 8, 2017, regarding the potential competitive impact of the proposed transaction.

Exhibit G: CF Corp. Schedule 14A Definitive Proxy Statement, filed with the Securities and Exchange Commission on July 26, 2017.

Exhibits A through G were received into the record. (*Trans. at 16-17*) In addition, Applicants called two witnesses, Mr. Menes O. Chee and Mr. Christopher J. Littlefield.

Mr. Chee is a Senior Managing Director and founding member of Blackstone's Tactical Opportunities Group as well as one of the Applicants. Mr. Chee testified that as part of his role in Blackstone's Tactical Opportunities Group is structuring and overseeing Blackstone's investments in the insurance industry. Mr. Chee testified that he was very familiar with the proposed transaction. (*Trans. at 20-24*) Mr. Littlefield is the Chief Executive Officer of the Domestic Insurer and its parent company, FGL. Mr. Littlefield testified that he participated in the negotiation of the transactions described in the Form A Statement and through that process has become familiar not only with the proposed transactions but also with the Applicants. (*Trans. at 48*)

Mr. Chee testified that Applicants' Form A Statement submitted in this matter is complete and accurate in all material respects. In addition, Mr. Chee stated that he actively participated in the preparation and filing of the Applicants' Form A Statement. He affirmed that there have been no material changes with respect to the information provided or required in the Form A Statement since the Form A Statement was filed with the Division. (*Trans. at 24*)

Mr. Chee testified about the financial wherewithal of the Applicants after the consummation of the proposed transactions, stating that CF Corp. will be a publicly traded company, with its ownership comprised, in part, of public shareholders. Mr. Chee testified that FNFI and certain entity Applicants controlled by Blackstone and its affiliates would be the other owners of CF Corp. FNFI is a publicly traded Fortune 500 company and the nation's largest title insurance company. Blackstone is publicly traded on the New York Stock Exchange, with a \$41 billion market capitalization. As of September 30, 2017, Blackstone had total assets under management of \$387 billion. (*Trans. at 27-28*) Mr. Chee testified that the financial condition of the

Applicants will not jeopardize the financial interests of the Domestic Insurer or prejudice the interests of its policyholders. (*Trans. at 33*)

Mr. Chee also testified that the Applicants seek permission to acquire control of the Domestic Insurer through the merger of Merger Sub, an indirect wholly owned subsidiary of CF Corp., with and into FGL, with FGL surviving the merger as an indirect wholly owned subsidiary of CF Corp. The merger will be accomplished pursuant to the terms of the Merger Agreement that was submitted as part of the Form A Statement filed by Applicants in this proceeding. (*Exhibit C*) Mr. Chee then testified that following the merger the Applicants will be the ultimate controlling persons of the Domestic Insurer. (*Trans. at 24*) Mr. Chee further testified that the total purchase price for the acquisition of FGL will be approximately \$1.835 billion in the aggregate. (*Trans. at 26*)

Mr. Chee testified about the plans that the Applicants have regarding the Domestic Insurer and stated that Applicants anticipate that the Domestic Insurer will continue conducting its business and operations in substantially the manner as they are presently conducted, and that other than the Investment Management Agreement and the Modco Agreement, the Applicants have no plans to make any material change to the operations. (*Trans. at 28; 35–39*). Mr. Chee further testified that the Applicants have no present plans or proposals to liquidate the Domestic Insurer, to sell any of the Domestic Insurer's assets, or to consolidate or merge the Domestic Insurer with any person or persons post-acquisition. Other than plans to implement a reinsurance arrangement in connection with the Modco Agreement that will improve the after-tax earnings of the Domestic Insurer's group and to enter into the Investment Management Agreement that is intended to improve the investment performance of the Domestic Insurer's asset portfolio, Mr. Chee stated that that the Applicants strategic vision is to maintain the Domestic Insurer's lines of business, management team, and employee base. (*Trans. at 34–35*) Mr. Chee also testified that after the proposed acquisition of control the Domestic Insurer will continue to satisfy the requirements for issuance of a license to write the line or lines of insurance for which it is presently licensed. (*Trans. at 29–30*)

Mr. Chee testified that the effect of the proposed acquisition of control will not substantially lessen competition in insurance in Iowa. Mr. Chee particularly stated that, although subsidiaries of certain Applicants do conduct insurance business, the type and size of the insurance business conducted by those subsidiaries are such that the proposed acquisition will not lessen competition. Specifically, Mr. Chee testified FNFI has subsidiaries that conduct title insurance business, but neither FNFI nor its subsidiaries are engaged in the life insurance and annuity business. Blackstone has affiliates that conduct life insurance and annuity business; however, Mr. Chee testified those affiliates do relatively little business in Iowa according to A.M. Best's market share calculations. Mr. Chee further testified that the only business line in which the Domestic Insurer and subsidiaries of the Applicants will overlap is the ordinary life product line, in which the Domestic Insurer and such subsidiaries have, in the aggregate, less than a 0.5 percent market share in Iowa. He stated that, accordingly, the proposed acquisition of the Domestic Insurer will not have a material effect on competition in insurance in the state. (*Trans. at 31–33*) In their cross-examination of Mr. Chee, both the Commissioner and Deputy Commissioner Armstrong asked questions regarding how carefully the Applicants had considered the competitive impact of the proposed transaction. Counsel for the Applicants, responding with the permission of the Commissioner, stated professionally that the competitive

impact of the transaction had been analyzed in all fifty states. He stated further that the proposed transaction had triggered a filing under the Hart-Scott-Rodino Act, and that it received preclearance from the Federal Trade Commission's Premerger Notification Office under that Act. (*Trans. at 44-46*) This evidence lends credence and gives weight to Mr. Chee's testimony by demonstrating that his testimony was based on careful analysis and consideration of the competitive impact of the proposed transaction.

Mr. Chee testified that the individual Applicants and the directors and executive officers of the entity Applicants who will be involved in managing the Domestic Insurer after the acquisition have extensive experience in finance, insurance and investment management, and have established track records of service and performance in their industries. Mr. Chee further stated such individuals' experiences indicate that they have the necessary competence, experience, and integrity to safeguard the interests of the policyholders and the public. (*Trans. at 39-40*)

Mr. Chee also testified the proposed acquisition of the Domestic Insurer would not be hazardous or prejudicial to the insurance-buying public. Mr. Chee testified that the Domestic Insurer will maintain all of its licenses in Iowa and will continue to write new policies. He further stated that the Domestic Insurer's financial condition will not be impaired. Mr. Chee testified that the Applicants believe that this proposed transaction will improve the Domestic Insurer's risk-adjusted returns on its assets while keeping its existing management team and employee base intact. (*Trans. at 41*)

Mr. Littlefield testified that the proposed transaction would result in FGL and the Domestic Insurer both continuing to be strong, well-managed, and well-capitalized. Mr. Littlefield further testified that the proposed transaction would help make FGL and the Domestic Insurer stronger and provide both companies with greater opportunities for growth, which in turn will continue to increase their presence and employment in Iowa. (*Trans. at 49*)

The Commissioner called for public testimony, but no individuals in attendance offered testimony.

IV. FINDINGS OF FACT

The statutory requirements that the Applicants' acquisition plan must meet are relatively straightforward. Iowa Code § 521A.3(4)(a) provides that the Commissioner is to approve an application for acquisition of control if, after a public hearing on such acquisition, the applicant has demonstrated to the Commissioner all of the following:

1. That after the change of control the domestic insurer will 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. That the effect of the acquisition of control will not substantially lessen competition in insurance in the State of Iowa;
3. That the financial condition of any acquiring party will not jeopardize the financial stability of the insurer, or prejudice the interests of its policyholders;
4. That the plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material

- change in its business or corporate structure or management, are not unfair or unreasonable to policyholders of the insurer and are not contrary to the public interest;
5. That the competence, experience, and integrity of those persons who would control the operation of the insurer are sufficient to indicate that the interests of the policyholders of the insurer and of the public will not be jeopardized by the acquisition of control; and
 6. That the acquisition of control is not likely to be hazardous or prejudicial to the insurance-buying public.

Based upon the evidence in the record viewed as a whole, the Commissioner finds as follows:

1. After the change of control, the Domestic Insurer will be able to satisfy Iowa licensure requirements and continue writing the line or lines of insurance for which it is presently licensed.

Iowa Code § 521A.3(4)(a)(1) requires an applicant to demonstrate to the Commissioner that, after the change of control, the acquired domestic insurer will be able to satisfy the requirements for issuing a license to write the line or lines of insurance for which it is presently licensed.

Mr. Chee testified, and the Commissioner finds that after the proposed acquisition of control, the Domestic Insurer will continue to satisfy the requirements for issuance of a license to write the lines of insurance for which it is presently licensed. Mr. Chee further testified, and the Commissioner finds that post-acquisition the Domestic Insurer will continue to satisfy all capital and surplus requirements for licensure under Iowa law. This is supported by the testimony of Mr. Chee that the Applicants intend to maintain the Domestic Insurer's management team. (*Trans. at 29–30*) Although the Applicants also intend for the Domestic Insurer to cede a portion of its liabilities pursuant to a proposed Modco Agreement, Mr. Chee testified, and the Commissioner finds that this structure is intended to enhance earnings and capitalization, while keeping assets and liabilities in Iowa and will not hinder or interfere with the Domestic Insurer's licensure or presence in Iowa. (*Trans. at 30–31*) Mr. Chee's testimony gains further support from the evidence regarding the financial strength and significant financial resources of the Applicants (*Trans. at 27–28*) and the evidence that the proposed acquisition will not jeopardize the financial position of the Domestic Insurer. (*Trans. at 33*)

The Commissioner finds that the Domestic Insurer's ability to satisfy Iowa licensure requirements and its ability to continue writing existing lines of insurance for which it is licensed will be unimpaired after the change of control.

2. The Applicants' acquisition of control of the Domestic Insurer will not substantially lessen competition in insurance in Iowa.

Iowa Code § 521A.3(4)(a)(2) requires an applicant to demonstrate to the Commissioner that the effect of the acquisition of control will not substantially less competition in insurance in Iowa.

Mr. Chee testified, and the Commissioner finds that although some of the Applicants conduct insurance business through their respective subsidiaries, the size and type of their insurance businesses are not such that the proposed acquisition will lessen competition. Mr. Chee stated that neither FNFI nor its subsidiaries are engaged in the same lines of business as the Domestic

Insurer. Mr. Chee further testified that while some Blackstone affiliates conduct life insurance and annuity business, they do relatively little business in Iowa, according to A.M. Best's market share calculations. Mr. Chee affirmed, as part of his testimony, that the proposed transaction will not substantially lessen competition within the Iowa insurance marketplace. (*Trans. at 31-33*) The responses by Mr. Chee and professional statements made by Applicants' counsel in response to questions posed by the Commissioner and Deputy Commissioner Armstrong in their cross-examination of Mr. Chee lend support and credence to Mr. Chee's testimony in this regard. (*Trans. at 44-46*)

On the basis of the foregoing evidence, and the evidence that the only overlap between the Domestic Insurer's lines of insurance and those of the Applicants' subsidiaries will result in less than a 0.5 percent aggregate market share in Iowa (*Exhibit F; Trans. at 33*), the Commissioner finds that the Applicants' acquisition of control of the Domestic Insurer will not substantially lessen competition in insurance in Iowa.

3. The Applicants' financial condition will not jeopardize the financial stability of the Domestic Insurer or prejudice the interests of its policyholders.

Iowa Code § 521A.3(4)(a)(3) (2017) requires an applicant to demonstrate to the Commissioner that the applicant's financial condition will not jeopardize the financial stability of the acquired domestic insurer, or prejudice the interest of its policyholders.

Evidence in the record indicates that the total purchase price required to consummate the Applicants' acquisition of control of FGL is approximately \$1.835 billion in the aggregate. None of the funds necessary to consummate the acquisition of the Domestic Insurer will be borrowed from third-party sources. However, \$600 million of the purchase price will be financed by a short term shareholder loan from CF Bermuda to Parent. The Applicants plan to repay the shareholder loan post-acquisition through an extraordinary dividend from the Domestic Insurer indirectly to CF Bermuda (the "Extraordinary Dividend"), which will in turn be used to capitalize a new reinsurance company to be organized under the laws of Bermuda as a wholly owned subsidiary of CF Bermuda ("Bermuda Re"). Bermuda Re will then enter into the Modco Agreement with the Domestic Insurer. In connection with the Extraordinary Dividend and Modco Agreement, Bermuda Re will enter into a capital maintenance letter with the Division. (*Exhibit C; Trans. at 35-37*)

Mr. Chee's testimony indicates, and the Commissioner finds that the Applicants are financially strong. CF Corporation will be a publicly traded company post-acquisition with ownership comprised of public shareholders, FNFI, and certain Blackstone-related entities. FNFI is a publicly traded Fortune 500 company and the nation's largest title insurance company. Blackstone is publicly traded on the New York Stock Exchange with a \$41 billion market capitalization and, as of September 30, 2017, \$387 billion total assets under management. Mr. Chee also testified the Applicants' financial statements were submitted along with the Form A Statement and that these statements demonstrate that the financial health of the Applicants will not jeopardize the financial interests of the Domestic Insurer or prejudice the interests of the policyholders. (*Trans. at 27-28*)

Mr. Chee further testified, and the Commissioner finds that the Applicants have limited the Extraordinary Dividend such that, after its payment and entering into the Modco Agreement, the Domestic Insurer's risk-based capital ratio will continue to be at least 400 percent post-acquisition. The Extraordinary Dividend will be paid two business days after the closing of the proposed transaction and will not be distributed outside of the insurance holding company system. (*Trans. at 36–37*)

In their Form A Statement, Applicants have agreed, as a condition to the approval of the acquisition of control of the Domestic Insurer, to obtain prior approval from the Division for all dividends from the Domestic Insurer for the next three years. Similarly, the Applicants have agreed to obtain preapproval from the Division prior to the Domestic Insurer entering into any additional affiliate transactions. (*Exhibit C; Trans. at 43*) Despite the size of the Extraordinary Dividend, due to these conditions and the further restrictions placed on Bermuda Re under the capital maintenance letter, neither the acquisition itself nor the other post-acquisition plans will create a material adverse financial impact on the Domestic Insurer.

There being no evidence of a material adverse financial impact on the Domestic Insurer, the Commissioner also finds that the interests of the Domestic Insurer's policyholders will not be prejudiced by the Applicants' financial position.

4. The Applicants' proposed post-acquisition changes in the Domestic Insurer's business or corporate structure or management, as conditioned below, are not unfair or unreasonable to the Domestic Insurer's policyholders and are not contrary to the public interest.

Iowa Code § 521A.3(4)(a)(4) requires an applicant to demonstrate to the Commissioner that the applicant's plans or proposals to liquidate the domestic insurer, sell its assets or consolidate or merge it with any person, or to make any other material change to the acquired domestic insurer's business or corporate structure or management, are not unfair or unreasonable to its policyholders and are not contrary to the public interest.

The facts in the record indicate, and the Commissioner finds that the Applicants have no present plans to liquidate, consolidate, or merge the Domestic Insurers, beyond the transaction described in the Form A Statement, or to sell their assets. The Domestic Insurer's lines of business, management team, and employee base will all be maintained. (*Trans. at 34*) As discussed above, the Applicants intend to improve the Domestic Insurer's overall financial position and health by entering into the Investment Management Agreement and, after the Extraordinary Dividend, the Modco Agreement. The Applicants believe that the arm's-length Investment Management Agreement will improve the Domestic Insurer's asset portfolio, benefitting its policyholders and the public at large. The assets supporting the reserves of the Domestic Insurer will continue to be invested in accordance with Iowa law. (*Trans. at 35, 38–39*) Similarly, Mr. Chee testified that the overall reinsurance transaction between both the Modco Agreement and Extraordinary Dividend will improve the earnings of the Domestic Insurer's group, which over time will improve the Domestic Insurer's capital position while allowing it to maintain reserves in Iowa. Ultimately, the Applicants argue that the Modco Agreement will generate long-term benefits for policyholders. (*Trans. at 35–37*)

As noted above, the Applicants have agreed, as a condition to the approval of the acquisition of control of the Domestic Insurer, to obtain prior approval from the Commissioner for all dividends from the Domestic Insurer for the next three years. Similarly, the Applicants have agreed to obtain preapproval from the Commissioner prior to the Domestic Insurer entering into any additional affiliate transactions, regardless of their size, scope, or materiality. (*Exhibit C; Trans. at 43*) Based upon these conditions, the Commissioner finds that the Applicants' proposed post-acquisition business plans and transactions are not unfair or unreasonable to its policyholders and are not contrary to the public interest.

5. The competence, experience and integrity of those persons who will control the operation of the Domestic Insurer are sufficient to indicate that the interests of the Domestic Insurer's policyholders and the public will not be jeopardized by the Applicants' acquisition of control of the Domestic Insurer.

Iowa Code § 521A.3(4)(a)(5) (2017) requires an applicant to demonstrate to the Commissioner that the competence, experience and integrity of those the applicant selects to control the operations of the acquired domestic insurer are sufficient to indicate that policyholders' interests and the public's interest will not be jeopardized by the acquisition.

To that end, the Commissioner must review detailed information of the person who would be in control of the insurer in the event the application is approved. This analysis focuses not on intermediate control but on ultimate control of the insurer. An "ultimate controlling person" is broadly defined in Iowa Administrative Code rule 191-45.2(3) (2017) as one who is not controlled by any other person. An ultimate controlling person may include, but is not limited to, an individual or business enterprise.

The complex structure of the proposed acquisition has resulted in numerous ultimate controlling persons in this application. The acquiring party, CF Corp., will be a publicly traded company controlled by Chinh E. Chu, William P. Foley, II, FNFI, CFS Holdings, and CFS Holdings II. FINI is its own ultimate controlling person. CFS Holdings and CFS Holdings II are controlled by Blackstone, its affiliated entities, and BTO LR Associates-B. BTO LR Associates-B is in turn controlled by Qasim Abbas, Malcolm Jackson, Kishore Moorjani, and Andrea Valeri, and Blackstone is controlled by Stephen Schwarzman and Mr. Chee.

Facts in the record indicate that these ultimate controlling persons are experienced and competent based upon their experience in the insurance industry. Biographical affidavits for each of the individual ultimate controlling parties along with those of the directors and executive officers of the entity ultimate controlling parties were submitted to the Division, along with background reports on the biographical affidavits prepared by an independent third-party. (*Exhibit C; Trans. at 39-40*) In addition, during the course of the public hearing in this matter the Commissioner had an opportunity to observe and ask questions of Mr. Chee in addition to Mr. Littlefield, who will continue to be the President, Chief Executive Officer, and Director of the Domestic Insurer after the closing of the proposed transaction.

The Commissioner finds that the competence, experience, and integrity of those individuals and entities who would control the operation of the Domestic Insurer after the acquisition are sufficient to indicate that the interests of the Domestic Insurer's policyholders and of the public

will not be jeopardized by the Applicants' proposed acquisition of control of the Domestic Insurer.

6. The Applicants' acquisition of control of the Domestic Insurer, as conditioned below, is not likely to be hazardous or prejudicial to the insurance-buying public.

Iowa Code § 521A.3(4)(a)(6) requires an applicant to demonstrate to the Commissioner that the acquisition of control of the domestic insurer is not likely to be hazardous or prejudicial to the insurance-buying public.

Based upon a thorough review of the record in this proceeding, including Exhibits A through G, the testimony of Mr. Chee, and the testimony of Mr. Littlefield, the Commissioner finds that the Applicants' acquisition of control of the Domestic Insurer, as conditioned below, is not likely to be hazardous or prejudicial to the insurance-buying public of the State of Iowa. The Form A Statement submitted by Applicants and the exhibits thereto, together with the testimonies of Mr. Chee and Mr. Littlefield, demonstrate that the criteria set forth in Iowa Code § 521A.3(4)(a)(1)–(5) are established. When viewed as a whole, the record indicates that there are no other factors which might make the merger hazardous or prejudicial to the insurance-buying public. Accordingly, the requirements of Iowa Code § 521A.3(4)(a)(6) have likewise been established.

The Commissioner finds that the Applicants' acquisition of control of the Domestic Insurer, as conditioned below, is not likely to be hazardous or prejudicial to the insurance-buying public.

V. CONCLUSIONS OF LAW

The legislature has vested discretion in the Commissioner not only to hold hearings and make factual findings, but also to interpret and apply the law.

Iowa Code § 521A.3(4)(a) requires the Commissioner to approve an application for acquisition of control if, after a public hearing, the applicant demonstrates all six criteria listed within that section to the Commissioner.

After a careful review of all evidence submitted, the Commissioner concludes, upon substantial evidence, that the Applicant has demonstrated to the Commissioner all six requirements set forth in, and required by, Iowa Code § 521A.3(4)(a). The Applicants' proposed acquisition of control of FGL and indirectly the Domestic Insurer, as conditioned below, should be approved.

VI. ORDER

IT IS ORDERED that:

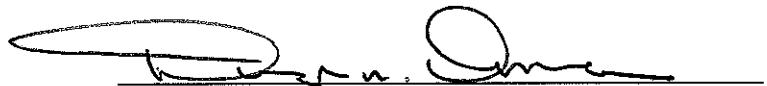
The application of CF Corporation and the other above-named Applicants for approval of the acquisition of control of Fidelity & Guaranty Life Insurance Company, an Iowa domestic insurer, by virtue of its acquisition of Fidelity & Guaranty Life is **APPROVED** subject to the following conditions:

1. Fidelity and Guaranty Life Insurance Company shall not pay any dividend or other distribution to shareholders prior to the third anniversary of the date of this Order without the prior approval of the Commissioner.
2. Fidelity & Guaranty Life Insurance Company shall notify the Commissioner of all affiliated agreements and affiliated investments that would be subject to Iowa Code § 521A.5(b) or (c) regardless of size, scope, or materiality with a Form D filing. Fidelity & Guaranty Life Insurance Company shall not proceed with any transaction related to these agreements and investments if the Commissioner notifies Fidelity & Guaranty Life Insurance Company of his objection.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A. Any action challenging the Order shall comply with the requirements of Iowa Code Chapter 17A.

Any application for rehearing shall comply with the requirements of Iowa Code Chapter 17A.

DATED this 28th day of November, 2017.



DOUG OMMEN
Commissioner of Insurance

Copies to:

Richard T. Freije, Faegre Baker Daniels
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Nicholas Potter, Debevoise & Plimpton LLP
Todd Freed, Skadden, Arps, Slate, Meagher & Flom LLP