

DEPARTMENT OF COMMERCE AND INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

IN RE: Proposed Acquisition of)
National General Assurance Company,)
National General Insurance Company,)
National General Insurance Online,)
Inc.)
) **Case No. 2008250586F**
By)
)
Allstate Insurance Holding, LLC)
and The Allstate Corporation)

APPROVAL WITH CONDITIONS

Based on the competent and substantial evidence in the administrative record before me, I, Chlora Lindley-Myers, Director of the Missouri Department of Commerce and Insurance, determine that there is no need for additional proceedings or a formal hearing on this matter and hereby issue the following findings of fact, conclusions of law, and order approving the proposed acquisition in this case with conditions:

FINDINGS OF FACT

1. On August 18, 2020, The Allstate Corporation and Allstate Insurance Holdings, LLC (“Applicants”), submitted a Form A Statement Regarding the Acquisition of Control of or Merger with National General Assurance Company, National General Insurance Company and National General Insurance Online, Inc. (“Domestic Insurers”), each a direct, wholly-owned subsidiary of National General Holdings, Corp, a Delaware corporation (“National General”) by Applicants (“Form A Application”) to the Missouri Department of Commerce and Insurance (“Department”), Division of Insurance Company Regulation (“Division.”). Applicants did not submit a Pre-Acquisition Notice Form E (“Form E”) to the Division asserting that the proposed acquisition was, in general, exempt from the requirements of § 382.095.2, RSMo¹.

2. At the same time the Applicants filed the Form A Application with the Division, Applicants also filed similar Form A Statements with other states, including the states of North Carolina, California, New York, New Jersey, Mississippi, South Carolina, Florida, Indiana, Michigan, Alabama, Illinois and Texas seeking to acquire other subsidiaries of National General.

¹ All statutory references are to RSMo 2016, unless otherwise noted.

3. In an August 28, 2020, letter to Applicants, the Division set out certain additional items that were needed to address the completeness of the Form A Application.

4. On September 2, 2020, the Applicants responded to the Division's August 28, 2020, letter and provided most of the documentation and additional information requested.

5. On September 24, 2020, the states of North Carolina, Mississippi, New York and Missouri sent Applicants a letter following a substantive review of the respective Form A Applications filed by Applicants. The September 24, 2020, letter requested additional information from Applicants to address specific questions or concerns raised by, among others, the Division.

6. On October 9, 2020, the Applicants responded to the September 24, 2020, letter and provided additional information to address the questions and concerns expressed by, among others, the Division.

7. On October 14, 2020, the Division sent the Applicants a letter stating that the Applicants had adequately addressed the Division's questions set out in the September 24, 2020, letter and that the Division had independently verified that the Form A Application is exempt from the requirements of § 382.095.2. Further, the letter notified the Applicants that once the Division received the third party

verifications forms required as part of a Form A Application, the Division would deem the Form A Application filed as that term is used in §§ 382.060 and 382.095.

8. On October 14 and November 11, 2020, Applicants notified the Division that Allstate Corporation had retained two new officer/directors. While Applicants has submitted the required biographical affidavits to the Division for its review, the third party consultant preparing the third party verification forms has not been able to complete its review of the biographical affidavits of the new officers/directors.

9. The Division received the majority of the third party verification forms on October 21, 2020. On November 18, 2020, the Division received the biographical affidavit of the most recent additions to the Allstate Corporation's Board of Directors, but, as stated above, the Division has not, as of this date, received the third party verification forms for two of the Allstate Corporations officers/directors. Because Allstate Corporation provided the biographical affidavits of the two newest officers/directors and because Allstate Corporation has committed to providing the third party verification forms for the two, the Director has exercised her discretion and deemed the Form A Application filed as that term is used in §§ 382.060 and 382.095.

10. The Division's review of the Form A Application and supplemental information received from Applicants on September 2, October 9, October 14,

October 21 and November 11, 2020, revealed that the Applicants will indirectly acquire Domestic Insurers as a result of certain transactions set out in an Agreement and Plan of Merger (“the Merger Agreement”) entered into by The Allstate Corporation with National General and Bluebird Acquisition Corp., a direct, wholly-owned subsidiary of Allstate Insurance Holdings, LLC (“Merger Sub”).

11. As contemplated in the Merger Agreement, the Merger Sub will merge with and into National General, with National General surviving the proposed merger as a direct, wholly-owned subsidiary of Allstate Insurance Holdings, LLC. Following completion of the transaction, Domestic Insurers will each be indirect, wholly-owned subsidiaries of the Applicants.

12. The Merger Agreement provides that at the time of the proposed merger, the issued and outstanding shares of National General’s common stock will be cancelled automatically and converted to a right to cash and, potentially, other additional cash consideration.

13. The Applicants intend to fund the acquisition using a combination of cash and, subject to market conditions, by issuing new senior debt of The Allstate Corporation. The new senior debt of the Allstate Corporation has been issued. AM Best has assigned Long-Term Issue Credit Ratings (Long-Term IR) of “a” to the recently issued \$600 million 0.750% senior unsecured notes due 2025 and the \$600 million 1.450% senior unsecured notes due 2030. The outlook assigned to these

Credit Ratings (rating) is stable. The existing ratings of the Allstate Corporation and its insurance subsidiaries remain unchanged. Following the debt issuance, AM Best expects the Allstate Corporation's financial leverage and interest coverage metrics to remain within the guidelines for its current ratings.

14. Division staff have confirmed that the amount of additional debt will be immaterial to the Applicants' consolidated financial statements for the next three years.

15. The Applicants have no present plans for any of the Domestic Insurers to declare an extraordinary dividend (other than as set out in the Merger Plan), to liquidate any of the Domestic Insurers, to sell any of the assets of Domestic Insurers (other than in the ordinary course of business), or to merge any of the Domestic Insurers with any other person or persons.

16. Other than described below in paragraph 17, the Applicants have no current plans to make any material changes in the business operations or corporate structure of the Domestic Insurers (other than as may arise in the ordinary course of business.) The Applicants do not currently anticipate any major changes to the business operations of the Domestic Insurers in the near term. The Applicants are evaluating business integration options that may involve merging certain product lines through renewal programs. Once the evaluation is complete, the Applicants have committed to providing the Department notice and any disclosures to the extent

the evaluation of the business integration options results in any impacts to the Domestic Insurers.

17. Section 382.190(6) requires that all agreements for cost-sharing services and management must comply with 20 CSR 200-11.101(16). Section 382.195.1(4) requires that all management agreements, tax allocation agreements, service contracts and all cost-sharing agreements between and among members of an insurance holding company regulated pursuant to Chapter 382 must be submitted to the Director for her review and approval at least thirty (30) days prior entering into the agreement(s). The Applicants have submitted certain proposed agreements (Form Ds) as follows:

Amended and Restated Service and Expense Agreement;
Investment Management Agreement; and
Tax Sharing Agreement

to the Director for her review and conditional approval.

18. Based upon her review, the proposed agreements submitted by Applicants comply with §§ 382.190(6) and 382.195.1(4) and 20 CSR 200-11.101(16).

19. The proposed acquisition of Domestic Insurers by the Applicants will not substantially lessen competition or tend to create a monopoly in the business of insurance in Missouri.

CONCLUSIONS OF LAW

20. Section 382.040.1 provides:

No person other than the issuer shall commence a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities for, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after the consummation thereof, he or she would, directly or indirectly, or by conversion or by exercise of any right to acquire, be in control of the insurer, and no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer unless, at the time the offer, request, or invitation is commenced or the agreement is entered into, or prior to the acquisition of the securities if no offer or agreement is involved, he or she has filed with the director and has sent to the insurer a statement containing the information required by section 382.050 and the offer, request, invitation, agreement or acquisition has been approved by the director in the manner prescribed by sections 382.010 to 382.300.

21. Section 382.060 provides, in relevant part, that “[t]he director shall approve any merger or other acquisition of control referred to in § 382.040 unless after a public hearing the director” finds certain adverse conditions or consequences related to a merger or acquisition.

22. After a review of the Form A, all the Exhibits and the additional information submitted by Applicants as outlined above, pursuant to § 382.060, the Director fails to find that:

- a. after the proposed acquisition, the Domestic Insurers would not be able to satisfy the requirements for issuance of a license to

write the line or lines of insurance for which they are presently licensed;

- b. the effect of the acquisition would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein;
- c. the financial condition of the Applicants is such as might jeopardize the financial stability of any of the Domestic Insurers or prejudice the interests of their policyholders;
- d. any plans or proposals by the Applicants to liquidate the Domestic Insurers, sell any of their assets, consolidate or merge them with any other person, or make any other material change in the business or corporate structure or management of the Domestic Insurers are unfair and unreasonable to their policyholders and contrary to the public interest;
- e. the competence, experience, or integrity of the persons who would control or manage the Domestic Insurers post-acquisition are such that it would be contrary to the interest of policyholders and the general public to permit the acquisition; or
- f. the acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

ORDER

23. Based on the foregoing Findings of Fact and Conclusions of Law, it is hereby Ordered that the proposed acquisition of National General Assurance Company, National General Insurance Company and National General Insurance Online, Inc. by The Allstate Corporation and Allstate Insurance Holding, LLC as set out in the Form A Application is approved with the following conditions:

a. The acquisition contemplated in the Merger Agreement by and among the Applicants and Domestic Insurers shall be subject to, and conditioned on, the closing of the merger.

b. Applicants shall expeditiously provide their third party vendor with all necessary information for the third party vendor to complete and submit the two third party verification forms for the two new officers/directors to the Division.

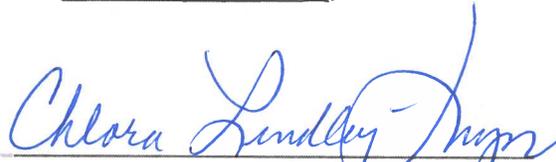
c. The proposed Form Ds submitted by the Applicants and conditionally non-disapproved by the Director shall be final and deemed non-disapproved by the Director upon the date of the closing of the merger contemplated in the Merger Agreement. The Applicants shall provide the Division with a copy of the final document or documents evidencing the successful closure of the merger transaction

and copies of the fully executed Form Ds within fifteen (15) of the consummation of the transaction.

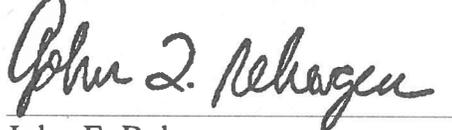
d. In the event the Applicants decide, based on their on-going evaluation of business integration options, to merge certain product lines during renewal programs, the Applicants shall provide the Department notice and any disclosures to the extent the evaluation of the business integration options results in any impacts to the Domestic Insurers.

SO ORDERED.

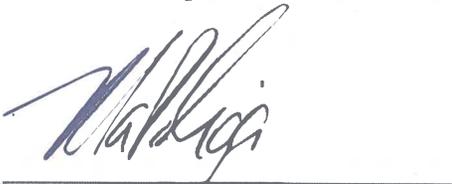
WITNESS MY HAND THIS 23rd DAY OF December, 2020.


CHLORA LINDLEY-MYERS
DIRECTOR

APPROVED FOR ENTRY AND EXECUTION:



John F. Rehagen
Director, Division of Insurance Company Regulation
Missouri Department of Commerce and Insurance



Michael Pedraja
Senior Vice-President and Treasurer

The Allstate Corporation
Allstate Insurance Holdings, LLC

RESPECTFULLY SUBMITTED:



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