

**STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT**

IN THE MATTER OF:

**FORM A STATEMENT REGARDING THE ACQUISITION OF CONTROL OF
SIRIUS SPECIALTY INSURANCE CORPORATION BY THIRD POINT
REINSURANCE LTD. AND YOGA MERGER SUB LIMITED**

Docket No: INS-21-005-AP

ORDER

A. Procedural History

On September 4, 2020, Third Point Reinsurance Ltd. (“TPRE”) and Yoga Merger Sub Limited (“Merger Sub”) (together, “Applicants”) submitted a Form A Statement. The Applicants seek approval for the acquisition of control of Sirius Specialty Insurance Corporation (“Sirius Specialty” or “Insurer”). The Applicants propose to acquire control of Sirius Specialty as part of a larger transaction between TPRE and Sirius International Insurance Group, Ltd. (“Sirius”), which indirectly owns the Insurer.

A public hearing on the proposed acquisition of control was held on February 8, 2021. The record was held open for additional, written filings by the parties until the end of the day on February 10, 2021, at which point the record closed.

B. Findings of Fact

Pursuant to RSA 401-B:3, I have considered the Form A Statement and, based on the testimony and exhibits at the hearing, I find and conclude, as follows:

1. Proper notice was given of the hearing pursuant to RSA 401-B:3, VI(b).
2. The Insurer, Sirius Specialty, is a New Hampshire-domiciled stock surplus lines insurer with its main administrative office in New York, New York. The Insurer is a wholly owned subsidiary of Sirius America Insurance Company, a New York domiciled insurer, which, through a series of intermediate companies, is an indirect wholly owned subsidiary of Sirius, a Bermuda exempted company limited by shares and a publicly traded insurance holding company. CM Bermuda Limited (“CM Bermuda”) is the current owner of approximately 96% of the common shares of Sirius, representing approximately 87% of the voting power of Sirius’s equity securities. CM Bermuda is wholly owned by CMIG International Holding Pte. Ltd., which is majority owned and controlled by China Minsheng Investment Group Corp., Ltd.
3. The Insurer is licensed in New Hampshire and commenced writing business in 2020.

4. The Applicant, TPRE, is a Bermuda exempted company limited by shares and a publicly traded insurance holding company. The TPRE group is a reinsurance business focused on providing property and casualty reinsurance to insurance and reinsurance companies worldwide. Merger Sub is a Bermuda exempted company limited by shares and a direct, wholly owned subsidiary of TPRE. It was recently created and has not conducted any business.
5. As set forth in the Form A Statement and its exhibits, the Applicants propose to acquire control of the Insurer as a result of the proposed merger of Merger Sub with and into Sirius (the “Merger”), with Sirius continuing as the surviving company, pursuant to an Agreement and Plan of Merger between TPRE, Merger Sub, and Sirius entered August 6, 2020 (the “Merger Agreement”). As a result of the Merger, Sirius, as the surviving company, will be a wholly owned subsidiary of TPRE, and TPRE will indirectly acquire control of the Insurer and the other entities within the Sirius Group. TPRE will be renamed SiriusPoint Ltd.
6. Under the Merger Agreement, each issued and outstanding common share of Sirius will be cancelled and converted into the right to receive one of three forms of consideration at the shareholder’s election: \$9.50 in cash; a combination of TPRE common shares and a contractual contingent value right; or a combination of cash, TPRE common shares, TPRE preference shares, warrants and upside rights.
7. The Merger Agreement is subject to satisfaction of closing conditions, including certain governmental approvals. The required governmental approvals include approvals from the Superintendent of Financial Services of the State of New York (as to the acquisition of control of New York domiciled insurers in the Sirius group, including the Insurer’s parent, Sirius America Insurance Company); the Tennessee Department of Commerce and Industry (as to the acquisition of control of a Tennessee domiciled insurer in the Sirius group); and the Commissioner (as to the acquisition of control of the Insurer).
8. On the closing of the Merger, Sirius will become a direct wholly owned subsidiary of TPRE. The Insurer will become a wholly owned indirect subsidiary of TPRE.
9. CM Bermuda, as a shareholder of Sirius, has agreed to elect the third election as its form of consideration in the Merger, and therefore, will retain an indirect ownership interest in the Insurer through the TPRE common shares it will receive pursuant to that election. While the percentage will depend upon the form of consideration elected by other holders of Sirius shares, it is expected that immediately following the effective time of the Merger, CM Bermuda will hold approximately 36% of the TPRE shares. At the effective time of the Merger, TPRE, and CM Bermuda will enter into an investor rights agreement under which the voting power in TPRE of CM Bermuda and its affiliates and related persons will be limited to 9.9%. The voting rights “cut back” is effected through Section 5.5 of the Amended and Restated Bye-Laws of SiriusPoint. The shareholders of TPRE and Sirius have voted to approve Bye-Law 5.5.

10. TPRE and Third Point LLC (dba Third Point Insurance Portfolio Solutions (“TPIPS”)) have entered an Investment Management Agreement. Under that agreement, upon the consummation of the Merger, TPIPS will provide investment advice regarding the investable assets (excluding working capital) of TPRE and its affiliates and subsidiaries, including the Insurer. The investments may involve investing in an “Enhanced Fund” managed by Third Point LLC.
11. The Applicants do not have any present plans to make material changes to the Insurer’s business operations. The Insurer will continue to monitor compliance with state investment requirements through a central investment reporting and risk management system. The Applicants have no present plans to cause the Insurer to declare a dividend, to liquidate the Insurer, to sell the Insurer’s assets, to merge the Insurer with any person, or to make any other material change to the Insurer’s business operations, corporate structure, or management.

C. Conclusions of Law

The New Hampshire Holding Company Act, RSA 401-B:3, provides that the Commissioner shall approve any merger or other acquisition of control unless, after a public hearing, the Commissioner finds that one or more of six conditions exist. RSA 401-B:3,VI(a). Those potential disqualifying findings are set forth in RSA 401-B:3,VI(a)(1)-(6):

- (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 line or lines of insurance for which it is presently licensed;
- (2) The effect of the merger or other acquisition of control would substantially decrease competition in insurance in this state or tend to create a monopoly (referring to the information and standards of RSA 401-B:3-a);
- (3) The financial condition of any acquiring party is such that it might jeopardize the financial stability of the insurer or prejudice the interest of its policyholders;
- (4) The plans or proposals which the acquiring party has to liquidate the insurer, sell its assets, consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders and not in the public interest;
- (5) The competence, experience, and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control;
- (6) The acquisition is likely to be hazardous or prejudicial to the insurance buying public.

None of the six conditions specified in RSA 401-B:3 are supported in the record. Based on the evidence presented, I find that:

1. After the acquisition of control, the Insurer will continue to be qualified to write the lines of insurance for which it is presently licensed.
2. The acquisition of control will not substantially decrease competition in insurance in the State of New Hampshire or tend to create a monopoly therein.
3. The financial condition of the Applicants will not jeopardize the financial stability of the Insurer or prejudice the interest of its policyholders.
4. The Applicants' plans for the Insurer are not (a) unfair or unreasonable to policyholders of the Insurer or (b) against the public interest.
5. The competence, experience, and integrity of those persons who would control the operation of the Insurer are not against the interest of the policyholders of the Insurer or the public.
6. The acquisition of control of the Insurer is unlikely to be hazardous or prejudicial to the insurance buying public.

I conclude, therefore, that the application to acquire control of the Insurer should be approved.


ORDER

Accordingly, it is hereby ORDERED that the acquisition of control of Sirius Specialty Insurance Corporation by Third Point Reinsurance Ltd. and Yoga Merger Sub Limited is APPROVED, subject to the following conditions:

- (1) The Applicants shall receive approval of the Superintendent of Financial Services of the State of New York for the acquisition of control of the Insurer's parent, Sirius America Insurance Company; and
- (2) The Applicants shall provide the Department with a copy of the executed Investor Rights Agreement and written confirmation of the closing of the Merger set forth in the Form A Statement promptly after the closing.

SO ORDERED.

Dated: 2/11, 2021


Christopher R. Nicolopoulos, Commissioner