

**CONFIDENTIAL
EXEMPTION FROM DISCLOSURE UNDER
NEW HAMPSHIRE INSURANCE CODE §401-B:3**

Form A

STATEMENT REGARDING THE
ACQUISITION OF CONTROL OF

The Hanover New Jersey Insurance Company
(the “Insurer”)

by

Spearmint Specialty Holding Company LLC
(the “Applicant”)

Filed with the Insurance Department of the State of New Hampshire

Dated: January 20, 2022

This document including all exhibits hereto, is strictly confidential and proprietary and its contents constitute trade secrets and proprietary commercial and financial information. The above Applicant hereby claims exemption of this document from disclosure to the public pursuant to Section 401-B:3 etc. of the New Hampshire Insurance Code. This document, including all exhibits hereto, should not be reproduced nor its contents directly or indirectly shared with any person outside the required regulatory process in the State of New Hampshire.

Individuals to Whom Notices and Correspondence Concerning this Statement Should be Addressed:

Diane Nergaard

President & Chief Operating Officer
Spearmint Specialty Holding Company LLC
8 The Green, Suite A
Dover, DE 19901
Phone: 203.359.3736
Email: dnergaard@eriksenllc.com

With a copy to:

Ken Soldwedel

Senior Vice President, Chief Financial Officer & Chief Compliance Officer
Spearmint Specialty Holding Company LLC
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Dover, DE 19901
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This Statement regarding the Acquisition of Control of a Domestic Insurer (this “Statement”) seeks the prior approval of the Insurance Commissioner of New Hampshire (the “Commissioner”) for the acquisition of control (the “Proposed Acquisition”) of The Hanover New Jersey Insurance Company, a New Hampshire-domiciled stock property and casualty insurance company (the “Insurer”) by Spearmint Specialty Holding Company, a Delaware-domiciled insurance holding company (“Spearmint” or the “Applicant”).

This Statement also details certain affiliate transactions involving the Insurer and certain of its current affiliates which the Insurer must enter into before the Proposed Acquisition can be effectuated. To the extent permissible under the New Hampshire insurance law and regulations (the “New Hampshire Insurance Code”), approval of the transactions and agreements noted in Item 1(b)(2), below, is hereby respectfully requested.

ITEM 1. METHOD OF ACQUISITION

(a) Insurer.

The name and address of the Insurer to which this Statement relates are:

The Hanover New Jersey Insurance Company

Statutory Home Office Address
4 Bedford Farms Drive, Suite 107
Bedford, NH 03310-6528

Executive Office Address
440 Lincoln Street
Worcester, MA 01653

The Insurer is currently active, but is not writing new business. The Insurer is wholly owned by The Hanover Insurance Company, a New Hampshire-domiciled insurance company (the “Seller”).

(b) Method of Acquisition.

(1) Purchase. The Proposed Acquisition will be implemented through a Stock Purchase Agreement (“Purchase Agreement”) between Seller and Applicant dated December 15, 2021, a copy of which is attached hereto as **Exhibit 1**. All capitalized terms not otherwise defined herein shall have the definitions attributed to them in the Purchase Agreement. Pursuant to the Purchase Agreement, Applicant has the right to acquire all of the Shares of the Insurer from the Seller. Applicant will acquire the Shares for an amount equal to \$225,000 plus the Closing Admitted Assets, as determined and adjusted in accordance with Section 2.3 of the Purchase Agreement.

Consistent with the Purchase Agreement, the Proposed Acquisition is subject to (i) the receipt of approval of the New Hampshire Insurance Department (“NHID”); (ii) the Seller obtaining approval for and implementing the reinsurance arrangements necessary for the Insurer to be sold as a “clean shell” described in Item 1(b)(2), below; (iii) execution of the Amended and Restated Reinsurance Agreement and the Assumption and Administration Agreement described in Item 1(b)(2), below; and (iv) the remaining conditions set forth in the Purchase Agreement, including customary closing conditions for a transaction of this kind.

Pursuant to Article XIII of the Purchase Agreement, either Seller or Applicant may terminate the Purchase Agreement in writing and upon mutual consent, or the parties may terminate, without fault of the other, if the closing has not occurred within 180 days after the date that the Purchase Agreement was executed. The Applicant may terminate the Purchase Agreement if any event occurs

which, if uncured, would result in a downward Purchase Price adjustment with respect to all the Insurance Qualifications of the Insurer and such event has (x) not been cured or eliminated by Seller within sixty days following receipt by Seller of written notice thereof from Buyer or (y) waived by Applicant on or before the Closing Date. The Purchase Agreement may also be terminated upon a final, non-appealable order which precludes the consummation of the Proposed Acquisition, or if a change in the law makes the Proposed Acquisition illegal.

(2) Pre-Acquisition Reinsurance Transactions to Prepare Insurer for Sale. Prior to the Proposed Acquisition, the Seller will amend and restate the existing reinsurance agreement between Seller and Insurer covering all of the Insurer's existing insurance business in order that the Insurer may be sold as a "clean shell" to Applicant. To become a "clean shell", the Insurer will enter into certain reinsurance and assumption arrangements, described below, the form of which have been agreed to by the Seller and the Applicant.

Subject to the approval of the Commissioner, the Seller, a New Hampshire-domiciled insurer and Insurer will enter into the Amended and Restated Reinsurance Agreement (the "Reinsurance Agreement" in the form attached hereto at **Exhibit 1**) and the Assumption and Administration Agreement (the "Services Agreement" in the form attached hereto at **Exhibit 1**). Pursuant to the Reinsurance Agreement, the Seller will assume all of the rights, liabilities and obligations of Insurer for all pre-closing Reinsured Contracts, as such term is defined in that agreement. Pursuant to the Services Agreement, the Seller will assume all of the rights, liabilities and obligations of Insurer for the Assigned Assets and Assumed Liabilities, but not the Excluded Assets, as such terms are defined in that agreement.

(3) Pre-Acquisition Asset Level of Insurer. Subject to the approval of the Commissioner and pursuant to the terms of the Purchase Agreement, Seller will take commercially reasonable efforts to cause the Closing Admitted Assets as of the Closing Date to be equal to the statutory minimum.

ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

(a) The Applicant

This Statement is made by Applicant. The name and principal business address of the Applicant is as follows:

Spearmint Specialty Holding Company
1177 High Ridge Road
Stamford, CT 06905

(b) The Applicant's Business Operations.

Spearmint was recently incorporated as a holding entity to facilitate management's insurance business plan. It is intended to be the parent of the Insurer and other operating entities and does not currently undertake any other corporate activity other than serving as a holding company.

Spearmint Specialty Services, Inc. ("SSS"). SSS is a to-be-formed management and service company that will provide management, technical, legal, finance, HR and general administrative support to the group's insurance company and producer entities through an inter-company Administrative Services Agreement.

Mint Specialty Insurance Services Inc. (“MSI”). MSI is a recently formed South Dakota-resident business entity producer that holds 23 non-resident agency licenses.

(c) Applicant’s Organizational Chart

A chart presenting the identities of the interrelationships among the Applicant and all affiliates of the Applicant, as well as the percentage of voting securities of each such person, is attached at **Exhibit 2.**

ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

Set forth in **Exhibit 3** are the names of the individuals who are currently the directors and executive officers of the Applicant. Biographical Affidavits for each of the individuals listed on **Exhibit 3** are attached as **Exhibit 4.**

None of the Applicants’ directors or executive officers has been convicted in the last ten years in a criminal proceeding (excluding minor traffic violations).

ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Consideration and Source.

Pursuant to Section 2.2 of the Purchase Agreement, the purchase price of the Insurer is equal to \$225,000 (two hundred twenty-five thousand dollars) plus the Closing Admitted Assets Value of the Insurer, less the amount of the Deposit, as those terms are defined in the Purchase Agreement. The Purchase Price shall be adjusted in accordance with Section 2.3 of the Purchase Agreement.

Applicant will acquire all of the Shares using a portion of the funds raised from the sale of \$25 million of preferred and/or common shares. These shares will have up to 9.9% voting rights. The capital will provide sufficient funds for the Insurer to begin executing its new business plan, which includes expansion into other states.

(b) Arm’s Length Negotiations.

The nature and amount of the total consideration to be paid in connection with the Proposed Acquisition were determined by arm’s length negotiations among the parties to the Purchase Agreement.

ITEM 5. FUTURE PLANS OF INSURER

(a) Business Plan of the Insurer.

The Applicant proposes to acquire the Insurer as a “clean shell” and expand its licenses in order to operate it throughout the United States as a property and casualty insurer. Since the Insurer is currently not actively writing new business and all of its pre-Proposed Acquisition business will be reinsured as described in Item 1 hereof, none of the Insurer's existing management will be retained.

Therefore, as required by Section 10.1 of the Purchase Agreement, at Closing, all existing officers and directors of the Insurer will resign.

After the Proposed Acquisition, the Insurer will be managed by officers of the current management of Applicant. These individuals are listed on **Exhibit 3** who have submitted appropriate biographical affidavits under **Exhibit 4**.

Pursuant to the Purchase Agreement, and as described above in Item 1(b)(3), prior to Closing Seller will separately seek approval from the Commissioner of an extraordinary dividend or recapitalization to reduce the amount of the Closing Admitted Assets so that at Closing the Closing Admitted Assets will be equal to the statutory minimum. In addition, Seller will seek approval from the Commissioner to amend the existing inter-company agreements between Seller and Insurer to remove Insurer as a party to these agreements to reflect the fact that after Closing, Insurer will no longer be a member of Seller's group of companies.

Except as detailed in the Purchase Agreement and described herein, the Applicant does not have any current plans or proposals to cause the Insurer to pay dividends or make other distributions, to liquidate such Insurer, to sell any of its assets, to merge or consolidate it with any person or persons, to make any other material changes in its business operations or corporate structure, or to cause the Insurer to enter into material agreements, arrangements, or transactions of any kind with any party, or to enter into any financial or employment guarantees with present or contemplated management.

(b) Operational Plan of Insurer.

Subject to approval of the Commissioner, the Insurer will become a direct subsidiary of Applicant and will transact property and casualty insurance where licensed throughout the United States. The Insurer is currently licensed to transact in two (2) states. The Insurer will discontinue the personal auto lines of business and will write only commercial lines for the foreseeable future. Finally, the Insurer will apply for the appropriate licenses in those states where it is not currently licensed.

The Applicant plans to change the name of the Insurer to **Mint Specialty Insurance Company** and requests approval of the desired new corporate name, as well as approval of the proposed amendment to the Insurer's Articles of Incorporation effecting said name change, attached hereto as **Exhibit 5**.

Subject to the approval of the Commissioner, Services will provide administrative services to the Insurer as it does for its affiliates, such as underwriting, claims handling, investment management and facilities management. The Administrative Services Agreement governing the relationship between the Insurer and Services is attached hereto as **Exhibit 6**.

A substantial portion of all insurance business written by the Insurer will be reinsured by Hannover Re. A detailed description of the business plan for the Insurer for the succeeding 36 months is contained in the Business Plan, attached hereto as **Exhibit 7**.

(c) Privacy.

After the Proposed Acquisition, the Insurer will transact specialty property insurance for corporate insureds throughout the United States. As such, the Insurer will obtain information "about companies or about individuals who obtain products or services for business, commercial, or agricultural purposes" within the meaning of N.H. Code Admin. R. Ins 3001.02. Since the Insurer's

business will not deal in nonpublic personal financial information about individuals, it is exempt from the notice requirements of N.H. Code Admin. R. Ins 3001.02.

(d) Management.

As noted above, pursuant to Section 10.1 of the Purchase Agreement, all of the current officers and directors of the Insurer will resign at Closing. The executive officers and directors of the Insurer, after the Proposed Acquisition, will be as shown on **Exhibit 3**.

(e) Other Agreements or Arrangements with the Insurer.

With the exception of the agreements described herein and relating to the Proposed Acquisition, there are no arrangements or agreements, oral or written, entered into between the Insurer and the Applicants in the preceding 12 months.

ITEM 6. VOTING SECURITIES TO BE ACQUIRED

The Proposed Acquisition will be effected pursuant to the Purchase Agreement, dated as of December 15, 2021, between the Seller and Applicant. The Applicant intends to directly acquire the Shares (10,000 shares of common stock, par value \$500.00 per share) of the Insurer, which represents all of the issued and outstanding stock of the Insurer. The terms of the Proposed Acquisition were determined by arm's-length negotiation among the parties to the Purchase Agreement.

ITEM 7. OWNERSHIP OF VOTING SECURITIES

Except as provided pursuant to the Purchase Agreement and as discussed herein, neither Applicant, nor any person controlling, controlled by or under common control with an Applicant nor any person listed in **Exhibit 3** beneficially owns or has a right to acquire, directly or indirectly, beneficial ownership of any voting securities of the Insurer.

ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Except pursuant to the Purchase Agreement, including the exhibits thereto, and transactions contemplated thereby as discussed herein, there are no contracts, arrangements or understandings with respect to any voting securities of the Insurer in which the Applicant or any person controlling, controlled by or under common control with the Applicant or any person identified in **Exhibit 3** is involved, including, but not limited to, transfers of any of the voting securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies.

ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

To the knowledge of the Applicant, there have been no purchases, direct or indirect, during the twelve calendar months preceding the filing of this Statement of any voting securities of the Insurer

by the Applicant, nor any person controlling, controlled by or under common control with the Applicant or any person listed in **Exhibit 3**.

ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Neither the Applicant, nor any person controlling, controlled by or under common control with the Applicant nor any person listed in **Exhibit 3**, nor anyone based upon interviews nor at the suggestion of the Applicant, any person controlling, controlled by or under common control with the Applicant nor any person listed herein have made recommendations to purchase any voting security of the Insurer during the twelve calendar months preceding the filing of this Statement.

ITEM 11. AGREEMENTS WITH BROKER-DEALERS

There are no agreements, contracts or understandings made with any broker-dealer as to solicitation of voting securities of the Insurer for tender.

ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a)(i) Exhibits

Exhibit Number	Document
1	Purchase Agreement <ul style="list-style-type: none">• Form of Amended and Restated Reinsurance Agreement• Form of Assumption and Administration Agreement
2	Organizational Charts of Applicant
3	List of Directors and Executive Officers of the Applicant
4	Biographical Affidavits
5	Proposed Articles of Amendment to Insurer's Articles of Incorporation
6	Proposed Administrative Services Agreement
7	Insurer Business Plan, including 3 year pro forma financial statements
8	Financial statements – to be provided

(a)(ii) Financial statements and projections of the Insurer.

The financial statements of the Insurer were previously filed with the NHID and the NAIC. Applicant has provided pro forma financial statements for Insurer for the next three years, which are attached hereto as part of **Exhibit 7**.

(b) and (c) Annual financial statements of the Applicant

Listed as **Exhibit 8** are the financial statements of Applicant since inception, and an affidavit from the CPA indicating that the financial statements are true and correct, and have had no material changes since the date issued. These financial statements are not yet prepared and audited, and will be provided to the NHID as soon as they are ready.

(d) Any additional documents

Not applicable.

ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F within 15 days after the end of the month in which the acquisition of control occurs.

ITEM 14. SIGNATURE AND CERTIFICATION

Pursuant to the requirements of RSA 401-B:3, Spearmint Specialty Holding Company has caused this application to be duly signed on its behalf in the City of Stamford and State of Connecticut on the 20th day of January, 2022.

Spearmint Specialty Holding Company LLC

By: _____/s/_____
K.W. Soldwedel
Secretary and Treasurer

Attest:

By: _____/s/_____
Diane Nergaard
President and Chief Operating Officer

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated January 20, 2022, for and on behalf of Spearmint Specialty Holding Company LLC; that he is the **Secretary and Treasurer** of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

By: _____/s/_____
K.W. Soldwedel