

[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
Director [REDACTED]

December 17, 2002

Mr. B. Michael Verne
Premerger Notification Office
Bureau of Competition
Federal Trade Commission
600 Pennsylvania Avenue, N.W. Room 303
Washington, DC 20580

Re: Indemnity Reinsurance

Dear Mike:

This is to confirm the conversation among you, [REDACTED] and me on December 13 regarding the premerger notification implications of the following hypothetical transaction between two insurance companies.

Insurance company A plans to exit a line of insurance business. It will accomplish this by entering into an indemnity reinsurance agreement with insurance company B. Under this agreement, A will transfer to B cash or assets equivalent to reserves less the ceding commission for the outstanding policies that were written by A in that line of insurance while A will retain all the policies. B will cover all payments required under the policies, will receive all future premiums paid on the policies and will administer the policies. As a result, A will have no further economic interests in the policies and will no longer be in this line of insurance business.

You have informed us that the staff does not consider such a transaction an acquisition of assets that may be reportable under the HSR Act.

Please confirm the accuracy of this summary of our conversation, or let me know if there should be revisions in the analysis. Thank you very much.

ENTERING INTO AN INDEMNITY REINSURANCE AGREEMENT DOES NOT CONSTITUTE A TRANSFER OF ASSETS FOR HSR PURPOSES. SEE EARLIER LETTERS TO [REDACTED]

Sincerely,

[REDACTED]

B. Michael Verne
12/18/02