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November 20, 1992

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FEDERAL TRADE
COMMISSION
PREMERGER DIVISION

Ms. Nancy Ovuka
Compliance Analyst
Premerger Division
Federal Trade Commission
Washington, D.C. 20580

Dear Ms. Ovuka:

This is to confirm my understanding of our recent telephone conversation discussing whether a proposed bulk reinsurance transaction would be subject to the filing and notification requirements of the Hart-Scott-Rodino Act (the "Act"). You indicated that the McCarran-Ferguson Act's qualified exemption of insurance companies from the antitrust laws has not been interpreted to include exemption from the premerger notification and waiting period requirements of the Act in cases of acquisitions by insurance companies. As a result, if the proposed bulk reinsurance transaction is akin to an acquisition and meets the threshold size requirements established under the Act, then it would be subject to all the reporting and other requirements thereunder, notwithstanding the existence of the McCarran-Ferguson Act.

You had further explained that in a situation where one entity was assuming \$40,000,000 of liabilities in exchange for a \$22,000,000 reinsurance premium, the difference between these two figures would constitute the acquisition price (i.e. \$18,000,000) for purposes of determining the size of the acquisition. Since the \$18,000,000 acquisition price exceeds the Act's \$15,000,000 threshold figure, then the contemplated bulk reinsurance must be noticed and filed with the Federal Trade Commission ("FTC") and the Assistant Attorney General.

Accordingly, we will be submitting a Notification and Report Form in compliance with the Act within the next week or so.

Ms. Nancy Ovuka
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If the foregoing accurately summarizes our conversation and your indications to me, then please return the enclosed copy of this letter, stamped as "received" by the FTC, in the enclosed stamped, self-addressed envelope.

Thank you very much for your kind assistance with this matter.

Sincerely,

[REDACTED]

[REDACTED]

[REDACTED]
Enclosure

[REDACTED]