801.10(c)

96-19636

PS

[redacted]

May 24, 1996

This material may be subject to the confidentiality provisions of Section ... which restricts ... information

VIA HAND DELIVERY

Mr. Patrick Sharpe
Compliance Specialist
Federal Trade Commission
Premerger Notification Office
Room 300
5th Street and Pennsylvania Avenue, NW
Washington, DC 20580

Dear Patrick:

This is to confirm our telephone conversation that the following transaction will not be reportable under the Hart-Scott-Rodino Antitrust Improvements Act and the regulations promulgated thereunder.

> Company A, a life insurance company, proposes entering into an assumption reinsurance agreement with Company B, another life insurance company under which Company A will assume the liabilities for certain term and whole life insurance policies written by Company B in the face amount of approximately \$1.7 billion[1]. The reserves for the reinsured policies are approximately \$117.8 million. The assets to be transferred are approximately \$400,000 in due and deferred premiums and pre-paid reinsurance premiums, \$8.3 million in policy loans, and cash in the approximate amount of \$103.6 million. The initial ceding allowance will be \$5.5 million.

Assets comparable to accounts receivable

Consistent with the approach taken in ABA Interpretation # 139 the acquisition price for the "purchase" of the policies is the "premium" which Company A pays to obtain the policies. That premium consists of the difference between the

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[1]For purposes of this letter, please assume that the size of the parties test is met.

actuarially determined present value of the obligations to pay death benefits under the policies (i.e., the present value of the obligations assumed by the purchaser) and the cash and other assets transferred by the seller to the purchaser to cover those obligations. As we discussed, the initial ceding allowance would be that premium in the instant case. Accordingly, the acquisition price for these policies is below the size of the transaction threshold and no H-S-R filing will be required. ok

Please call me immediately if I have in anyway misunderstand your interpretation of the Hart-Scott-Rodino Act and the non-reportability of this transaction. As always, I appreciate your assistance in this matter. Best regards.

Sincerely

[redacted]

called [redacted] 3/24/96
I concur with your assessment.
PS