

[REDACTED]

18a(c)(2)

June 20, 2007

[REDACTED]

**BY OVERNIGHT COURIER**

Mr. James Ferkingstad  
Premerger Notification Office  
Federal Trade Commission  
Room 303  
600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20580

**Re: Categorization of Contract Loans For Purposes of Section 802.4**

Dear Mr. Ferkingstad:

I am writing this letter to confirm oral advice you provided to [REDACTED] in a telephone conversation earlier today regarding the applicability to the following transaction of the notification requirements under the Hart-Scott-Rodino Antitrust Improvement Act of 1976 (the "Act") and the Federal Trade Commission's implementing regulations (the "Rules").

Company A and Company B are mutual insurance companies, each of which meets the size of the parties jurisdictional requirements under the Act. Company A and Company B are contemplating entering into a transaction whereby Company A will merge into Company B.

In order to determine whether Section 802.4 of the Rules applies to this transaction, the parties will need to determine the fair market value of the assets of Company B. In order to do so, we need to know whether contract loans (described below) are included in or excluded from the definition of assets set forth in Section 801.21.

Contract loans are policy loans made by a mutual insurer to its policyholders, secured by the cash value credited to the policyholder (most whole life policies permit the policyholder to borrow against the cash value accumulated in the policy at favorable interest rates). Thus, contract loans are essentially secured debt, very similar to bonds and other assets identified in Section 7A(c)(2) of the Act and excluded from the determination of the assets acquired under Rule 801.21. Therefore, after our discussion, you confirmed that contract loans would be excluded from the definition of assets in Section 801.21.

Please contact me as soon as possible if the analysis set forth herein does not accurately reflect the informal advice you provided in our telephone conversation. I understand that you will write your

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comments on this letter and that it will subsequently be publicly available through requests under the Freedom of Information Act. Thank you for your assistance with this matter.

Very truly yours,

[REDACTED]

Agree  
6/20/07  
JK

[REDACTED]