

801.90

Verne, B. Michael

From: [Redacted]

Sent: Tuesday, March 04, 2008 2:14 PM

To: Verne, B. Michael

Subject: Informal Interpretation

Dear Mike,

Thank you for taking the time to speak with me yesterday. I want to confirm that I correctly understand our conversation. In our call I presented you with the following facts:

Company A, an insurance company, is acquiring Company B, an insurance agent. Company B's total assets, as reflected on its most recent, regularly prepared balance sheet, are greater than \$12.6 million. A large percentage of these assets consist of insurance premiums that are collected by Company B as agent for Company A, never held by Company B, and deposited into Company A 's account. Notwithstanding that Company B never holds the funds collected, Company B carries a receivable for the premiums due and corresponding payable solely because it would nevertheless owe these amounts to Company A if those funds were not collected. Company B to date has not been required to remit any funds to Company A which were uncollectible. Company B proposes to take the following actions prior to closing of the proposed transaction with Company A:

(1) Issue a cash dividend to its shareholders.

(2) Enter into an agreement with Company A pursuant to which Company B will no longer be liable for any uncollected funds owed to Company A. Although Company B will continue to serve as a collection agent for Company A and deposit collected funds directly into a Company A account, Company B will have no liability for uncollected receivables. Accordingly, the amount of the receivables for insurance premiums owed to Company A will not be carried on Company B's balance sheet.

(3) Going forward, Company B will modify its accounting policies to put into effect the modified agreement with Company A and no longer carry the premium receivables and corresponding payable on Company's B balance sheet.

As a result of these actions, Company B's total assets as reflected on its next regularly prepared balance sheet (which will be created prior to the acquisition of Company B by Company A) will have total assets of less than \$12.6 million.

Presented with these facts, you confirmed that these actions would not constitute a transaction or device for avoidance under 16 C.F.R. sec. 801.90.

Please let me know as soon as possible if I have misstated our conversation in any way. As always, thank you for your time and assistance.

Sincerely,

[Redacted signature]

AG 22 -
B
3/11/08

[Redacted signature]