November 23, Victor L. Cohen, Esq. Premerger Notification Office Chak Bureau of Competition Room 303 Federal Trade Commission Sixth St. and Pennsylvania Ave., N.W. Washington, D.C. 20580

Dear Victor:

I am writing this letter to confirm the oral advice you provided over the telephone on November 18 regarding the applicability to the following transaction of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the FTC's implementing regulations (collectively, "Hart-Scott").

A, an insurance company, will acquire (all) of a certain type of life and health insurance policies of B, another insurance company, in a two-step process:

- (1) A and B will enter into an indemnity reinsurance agreement whereby A will insure B against all of B's risk under the policies and indemnify B for any claims under the policies, A will receive the right to future premiums to be paid for the policies, and A will receive \$10 million from B (representing the net difference between \$40 million of B's policy reserves to be allocated to A and a \$30 million payment from A to B).
- (2) After appropriate state insurance commissioner approvals are received, A will formally assume all of B's rights and liabilities under the policies and B will be formally released and discharged from liability. Policyholders will be notified

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that the identity of their insurance carrier has changed from B to A.

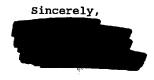
You advised that completion of step one described above would not require a Hart-Scott filing because this indemnity reinsurance transaction between two insurance carriers either does not amount to an acquisition or qualifies as a transaction occurring in the ordinary course of business exempted under § 7A(c)(1) of the Hart-Scott Act.

You also advised, however, that completion of step two described above would require a Hart-Scott filing (assuming satisfaction of size of person and transaction tests) because this formal assumption transaction amounts to an acquisition that could not qualify as an ordinary course of business transaction.

Finally, you advised, in accord with Interpretation 139 of the ABA's Premerger Notification Practice Manual (1991), that the value of the policies to be acquired should be determined based upon the present value of obligations to pay benefits under the policies, plus the value (if any) of the "customer lists" (names of policy owners and named insured) obtained by A, less the \$10 million payment from B to A.

If the above does not accurately reflect the advice you provided regarding the described transaction, please call me immediately.

As always, I thank you very much for your time and most helpful assistance.



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