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802.2000

[REDACTED]

July 9, 1992

VIA HAND DELIVERY

Mr. Patrick Sharpe
Compliance Specialist
Federal Trade Commission
Pre-Merger Notification Office
6th and Pennsylvania Avenues, N.W.
Washington, D.C. 20580

JUL 9 4 41 PM '92
FEDERAL TRADE
COMMISSION
PREMERGER NOTIFICATION
OFFICE

Dear Patrick:

A few months ago we discussed briefly the reportability

[REDACTED]

have the information you requested and, based on this information, would like to obtain your views regarding reportability of the transaction.

Company A proposes acquiring 100% of the voting securities of [REDACTED] for total consideration of [REDACTED]. In 1990, [REDACTED] and its parent, [REDACTED], adopted a plan of liquidation as more fully set forth in the attached Internal Revenue Service Letter Ruling. Pursuant to this plan of

[REDACTED]

resale to a third party. While the state insurance licenses have value, they do not, by themselves, generate, nor are they capable of generating, income for [REDACTED]. In order for [REDACTED] to generate

¹For purposes of this letter, we will assume that the parties satisfy the size of the person thresholds.

Mr. Patrick Sharpe
July 9, 1992
Page 2

sales, it would need, among other things, additional working capital, approved products to sell, personnel to manage the operations, etc. [redacted] lacks all of these essential elements for generating sales as an insurance company. The licenses alone do not (and can not) produce any revenue.

Prior to the liquidation, [redacted] was in the life and health insurance business. There is no dispute that the total assets of [redacted] are below \$25 million. According to Annotation 155 of the 2000's Insurance Notification Statutes, Volume 1, 155

NAIC Form 1 to determine the annual net sales of the company.

Based on these reports, the net premiums for [redacted] were [redacted]

indicated on the last regularly prepared quarterly statement for [redacted] since the liquidation [redacted]

not expected that the net premiums for [redacted] in subsequent quarters will exceed those of the first quarter. Thus, based on the financial reports subsequent to the liquidation of ALIC, the annual net sales of [redacted] would be well below the \$25 million threshold.

Let me know if you concur with this conclusion. I can be reached at [redacted]

Regards,

Sincerely,

called [redacted] 7-5-92
I disagree - Not exempt
under 802.20(b) - You live
or die by your last annual
income statement.

PS - RS concurs

²The reason there was any premium volume at all was that [redacted] was using [redacted] forms to write insurance in the handful of states that had not yet approved [redacted] forms.