

November 13, 1992

VIA TELEFAX (202) 326-2050

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Federal Trade Commission Florestriots release under the Washington, D.C. 20580 Florestrion of Information Act

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Dear Ms. Ovuka:

Pursuant to our conversation of Tuesday, November 10, in relation to whether a proposed bulk reinsurance qualifies as a reportable acquisition under the Hart-Scott-Rodino Act, I have set forth below the details of the transaction for your review.

A stock insurer with total admitted assets of approximately premiums (the "Parent Company") owns all the issued and outstanding capital stock of various other insurers; including a stock of various other insurers; including a stock of various other insurers.

J. In the proposed transaction the will bulk reinsure on an assumption basis, all the business and other insurance liabilities of a certain

become primarily liable under the insurance policies written by the

In addition, the

will deliver to the

payable for such assumption, consisting of all assets of the

less the amount of assets needed to pay the

principal and interest owed by the

certain surplus notes. It is expected that the amount of the

reinsurance premium will be approximately \$22,000,000 and that

Ms. Nancy Ovuka Federal Trade Commission November 13, 1992 Page 2

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is subject to approval by the property Department of and is being undertaken in consultation with the Department in order to alleviate capital problems being experienced by the mutual

It had initially appeared to us that the may not have to file under the Hart-Scott-Rodino Act because the total acquisition will be less than \$15,000,000, since cash is not counted for purposes of determining the value of the assets and

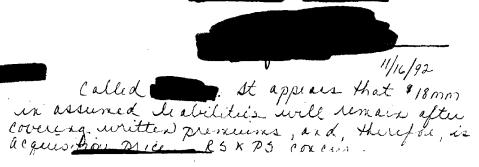
the acquisition price, then the transaction would likely exceed the \$15.000.000 mark.

is "the business of insurance" which is regulated by the states, was and does not involve boycott or other practice in restraint of

Insurance and is contemplated as such by the McCarran-Fermison Act's own legislative history. The is actively involved in regulating this transaction as noted above.

If you should need any further details on the above transaction, please do not hesitate to contact me at a greatly appreciate your kind cooperation with this matter.

Sincerely,



801.1(c)(1); 801.1(a)(a); 801.1(b)(2)

## HYPOTHETICAL FOR THE FTC STAFF

X will receive approximately 14% of the voting common stock (value approximately \$20 million) of a bank's stock in a restructuring proceeding approved by the Office of Thrift Supervision. The stock will represent part of a total of 79% of the voting securities of the bank that will be received by several of our clients and

X is an institutional investor (a broker-dealer) who will hold the voting securities for ten accounts, none of which individually exceed 7%, or \$10.3 million

direction, X votes the stock or securities in accordance with its own discretion.

There is an existing standard agreement by which X purchases and sells shape in each of the ten accounts. The herefinial owners hold the shares directly in

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