

801.10 (c)(2)

[REDACTED]

November 13, 1992

VIA TELEFAX (202) 326-2050

Re Nancy Ovuka

This material may be subject to the confidentiality provisions of the Freedom of Information Act.

NOV 16 3 26 AM '92
FEDERAL RESERVE BANK
PHOENIX

Federal Trade Commission
Washington, D.C. 20580

which restricts release under the Freedom of Information Act

Dear Ms. Ovuka:

recovered, recall, rework

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 \$1,000,000,000 and total admitted liabilities of approximately \$1,000,000,000 (the "Parent Company") owns all the issued and outstanding capital stock of various other insurers, including a [REDACTED] with total admitted assets of approximately \$100,000,000 and total admitted liabilities of approximately \$100,000,000.

In the proposed transaction the [REDACTED] will bulk reinsure, on an assumption basis, all the in-force business and other insurance liabilities of a certain [REDACTED]

[REDACTED] in the aggregate approximate amount of \$40,000,000 and will become primarily liable under the insurance policies written by the [REDACTED]. In addition, the [REDACTED] will deliver to the [REDACTED] a reinsurance premium payable for such assumption, consisting of all assets of the [REDACTED] less the amount of assets needed to pay the principal and interest owed by the [REDACTED] under certain surplus notes. It is expected that the amount of the reinsurance premium will be approximately \$22,000,000 and that [REDACTED]

Ms. Nancy Ovuka
Federal Trade Commission
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*\$40 mm
- 22 mm
\$18 mm of liabilities
not covered by
fund*

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

It had initially appeared to us that the [redacted] 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, and does not involve boycott or other practice in restraint of trade.

insurance" and is contemplated as such by the McCarran-Ferguson Act's own legislative history. The [redacted] 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 [redacted]. I greatly appreciate your kind cooperation with this matter.

Sincerely,

[redacted signature]

[redacted name]

11/16/92

Called [redacted]. It appears that \$18mm in assumed liabilities will remain after covering written premiums, and, therefore, is acquisition price. RS X PS covers.

801.1(c)(1); 801.1(a)(2); 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 \$10.8 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 shares in each of the ten accounts. The beneficial owners hold the shares directly in

is required to file a premerger report.

IN Office view that broker-dealer does not hold voting stock but rather client holds stock. *Advised*
that client could revoke X's authority to vote stock, should client not vote it, any time. As to FF 4 a "committee" is not an acquisition and will not result in *Advised*
to appoint four of fourteen directors is not an acquisition and will not result in *Advised*
X is one of 7 committee members and does not *Advised*