

DIRK KEMPTHORNE
GOVERNOR



GAVIN M. GEE
DIRECTOR

STATE OF IDAHO
DEPARTMENT OF FINANCE
700 W. STATE STREET, 2ND FLOOR
P. O. BOX 83720
BOISE ID 83720-0031
www.state.id.us/finance/dof.htm

March 28, 2001

BY FACSIMILE AND REGULAR MAIL

Re: Demutualization of

Dear M

I apologize for the delay in responding to
21, 2000 concerning the above demutualization.

letter to us of November

We have reviewed the information provided by Ms. concerning this transaction. We are of the view that this demutualization is similar in nature to the transactions found in Idaho Code 30-1434(n), and we agree to recommend no enforcement action be taken should the transaction proceed as outlined. This no action position extends to the salesman registration requirements as they relate to those persons described in Ms.

letter as Associates and Call Center Personnel in connection with the distribution of stock to eligible policyholders related to the demutualization. This position does not, however, apply to the proposed initial public offering of stock planned in connection with the demutualization.

Please be aware that the position taken in this letter is based solely on the facts and circumstances presented in the November 21, 2000 letter, and should the facts change or be altered in a material way, our view may be different.

If you have any questions concerning this matter, please contact me at (208) 332-8004.

Sincerely,

A handwritten signature in cursive script that reads "Marilyn T. Chastain".

Marilyn T. Chastain
Securities Bureau Chief

mtc/

Banks & Savings Banks (208) 332-8005
Credit Unions (208) 332-8003
Securities (208) 332-8004
Money Transmitters (208) 332-8004

PHONE: (208) 332-8000
FAX: (208) 332-8098
Director's Fax: (208) 332-8097
Securities Fax: (208) 332-8099

Supporting Services (208) 332-8001
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Finance Companies (208) 332-8002
Collection Agencies (208) 332-8002

EQUAL OPPORTUNITY EMPLOYER

November 21, 2000

Hon. Gavin M. Gee,
Director,
Department of Finance,
Securities Bureau,
700 West State Street,
Boise, Idaho 83720-0031.

RECEIVED
NOV 22 2000
DEPARTMENT OF FINANCE

Re: Demutualization of

Dear Sir:

We are counsel to _____, a New Jersey-domiciled mutual life insurance company (“_____”), in connection with proposed conversion from a mutual life insurance company to a stock life insurance company. This process is referred to as a “demutualization.”

We are writing to request your confirmation that agent registration is not required of _____ (as defined below) or Call Center Personnel (as defined below) in your jurisdiction in connection with the distribution of Holding Company Stock (as defined below) to Eligible Policyholders (as defined below) if the demutualization occurs in the manner described in this letter. The Holding Company Stock to be distributed to Eligible Policyholders in the demutualization will not be registered under the Securities Act of 1933, as amended (the “Securities Act”), in reliance on the exemption under Section 3(a)(10) thereof. In addition, the Holding Company Stock will be a covered security as defined in Section 18(b)(1) of the Securities Act since it will be listed on the New York Stock Exchange at the completion of the transaction.

Background

The demutualization will occur through a transaction in which Eligible Policyholders (as defined below) will receive shares of common stock of a newly-formed holding company, _____ (the “Holding Company”), which will hold, through an intermediate holding company, all of _____ issued and outstanding common stock upon effectiveness of the demutualization. Under Chapter 17C of Title 17

of the New Jersey Revised Statutes (N.J.S.A. 17:17C) (the "New Jersey Demutualization Statute"), the fairness of _____ plan of reorganization (the "Plan") must be approved in advance of the effective date of the Plan (the "Effective Date") by the Commissioner of Banking and Insurance of the State of New Jersey (the "Commissioner"). As required by the New Jersey Demutualization Statute, the Commissioner will hold a public hearing for the purposes of receiving comments on the Plan and on any other matter related to the demutualization (the "Hearing"). The Plan must also be approved by a vote of certain of _____ policyholders whose policies are in force on the date on which _____ Board of Directors formally adopts the Plan (the "Adoption Date"), which is presently expected to be on December 15, 2000.

In connection with the demutualization, the Holding Company will apply for a listing of its common stock ("Holding Company Stock") on The New York Stock Exchange and will register its stock under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Plan also contemplates that the Holding Company will conduct a registered, underwritten initial public offering of Holding Company Stock (the "Initial Public Offering"), which is currently intended to occur in October 2001 and which will be consummated concurrently with the demutualization on the Effective Date.

The Plan provides that owners ("policyholders") of specified individual and group insurance policies, individual and group annuities, certificates or other evidences of interest in group insurance policies or annuities, funding agreements, guaranteed investment contracts and supplementary contracts in force with _____ or "deemed" to be in force with _____ pursuant to the Plan, on the Adoption Date (collectively "policies", and policyholders of such "policies" constituting the "Eligible Policyholders"), will receive shares of Holding Company Stock, cash or policy credits in exchange for the extinguishment of their Membership Interests (as defined below). Pursuant to the Plan, the policies "deemed" to be in force with _____ pursuant to the Plan consist of policies issued (i) in the United States by _____,

_____, each of which is a direct or indirect wholly-owned subsidiary of _____
(ii) jointly by _____ and _____,
(iii) by _____ Canadian branch and subsequently transferred to _____ including certain policies issued in replacement thereof by _____ or its parent _____, (iv) by _____ or its subsidiaries (each, an "_____" Company") in replacement of policies originally issued by _____ and transferred to an _____ if issued by an _____ following a notice by _____ of non-renewal or cancellation, and (v) certificateholders in specified group policies or contracts. In addition, the Plan

offers life insurance policyholders who (i) filed a claim in the ongoing alternative dispute resolution process established pursuant to the settlement of _____ principal life insurance sales practice litigation (“ADR Claimants”) and (ii) either (x) have chosen to rescind their policies in that process or (y) had an opportunity to acquire coverage they previously had as part of an ADR form of relief but who did not choose to acquire such coverage, the opportunity to repurchase their policies prior to the Effective Date and participate in the demutualization by “deeming” policyholders who so repurchase to be Eligible Policyholders as of the Adoption Date. Other than repurchasing ADR Claimants, only holders of policies that were in force on the Adoption Date will be Eligible Policyholders.

The Plan defines “Membership Interest” as the rights and interests of a policyholder (including without limitation any Eligible Policyholder) as a member of _____ arising under _____ charter and by-laws or by law or otherwise, including under the Plan, which rights and interests include, but are not limited to, the right, if any, to vote and any right with regard to the surplus of _____ not apportioned or declared by _____ Board of Directors for policyholder dividends.

Under the New Jersey Demutualization Statute, policyholders must approve the Plan at a meeting of policyholders that is called for that purpose and held after the Hearing (the “Policyholders’ Meeting”) by a vote of at least two-thirds of the votes of the “qualified voters” voting thereon. Pursuant to the Plan, generally only holders of policies (i) that have been issued or assumed by _____ and not transferred to another insurer and (ii) that are in effect and have been in force for one year on the record date for the Plan are “qualified voters” entitled to vote on the Plan.

The New Jersey Demutualization Statute requires that _____ provide notice of the Hearing to policyholders at least 45 days prior to the Hearing and that _____ provide policyholders that are “qualified voters” notice of their opportunity to vote on the Plan not less than 45 days prior to the Policyholders’ Meeting. As expressly permitted by the New Jersey Demutualization Statute, _____ intends to combine the required notices to policyholders of the Hearing and to “qualified voters” of the Policyholders’ Meeting in one document, the Policyholder Information Booklet. In addition to the notices of the Hearing and Policyholders’ Meeting, the Policyholder Information Booklet will include a description of the Plan and the demutualization, the recommendation of _____ Board of Directors that voting policyholders approve the plan and disclosure regarding the Holding Company and _____ and its subsidiaries that is similar to the disclosure included in the Form S-1 registration statement that will be filed with the Securities and Exchange Commission in connection with the Initial Public Offering. _____ will mail the Policyholder Information Booklet together with

reply cards (a voting card, a stock election card and, where applicable, a taxpayer certification card), a letter from its Board of Directors and a voting guide that contains a brief overview of the Plan and explanations of the reply cards to each Eligible Policyholder and “qualified voter”. Where [redacted] does not have a policyholder’s valid address, [redacted] will mail a notice of adoption of the Plan to the policyholder’s last known address that will specify how the policyholder can obtain the Demutualization Materials (as defined below). For Eligible Policyholders that own group policies, [redacted] will also provide a document that summarizes various fiduciary responsibilities and tax implications applicable to such policyholders. In addition, following a policyholder vote approving the Plan, ADR Claimants will receive a letter requesting that they indicate their interest in changing the remedy previously issued them and reinstating their policies, and those who respond positively will receive follow-up materials as to the specific procedures applicable to them. The Policyholder Information Booklet and the other materials to be distributed to policyholders or ADR Claimants are collectively referred to herein as the “Demutualization Materials”.

[redacted] and its subsidiaries offer a full range of insurance, asset management, securities and other financial products and services and have more than 15 million individual and institutional customers in the United States and over 30 foreign countries. [redacted] and its subsidiaries have a number of distribution forces for the products, the holders of which are entitled to participate in the demutualization.

[redacted] individual insurance and annuity products are distributed in the United States primarily through two retail distribution forces -- insurance agents and financial advisors. There are approximately 7,800 insurance agents who are agents of [redacted] and certain of its subsidiaries. Virtually all of the insurance agents are registered with the National Association of Securities Dealers, Inc. (the “NASD”) as registered representatives of [redacted] a broker-dealer registered under Section 15(b) of the Exchange Act that is a subsidiary of [redacted]. Substantially all of these agents are registered to sell only variable insurance products and mutual fund securities, but some are licensed to sell all types of securities. There are approximately 6,100 financial advisors in the United States who are employees and registered representatives of [redacted], which is also a registered broker-dealer that is a subsidiary of [redacted]. In addition to providing securities brokerage and financial advisory services, certain of the financial advisors distribute insurance products, annuities and other products entitled to participate in the demutualization. The financial advisors generally are licensed to sell all types of securities and some are also licensed to sell insurance. Group insurance and annuity products, funding agreements and guaranteed investment contracts are distributed through institutional sales representatives that are employees of [redacted] or its subsidiaries as well as through a number of the aforementioned insurance agents and financial advisors. Most of

institutional sales representatives are also registered representatives of either _____ or _____, another broker-dealer registered under Section 15(b) of the Exchange Act, and are licensed to sell variable insurance products and mutual fund securities. Certain products entitled to participate in the demutualization are sold through various independent channels such as independent brokers and agents and consultants that generally market products on behalf of a number of companies. _____ is not registered as a broker-dealer under the Exchange Act.

The foregoing insurance agents, financial advisors, institutional sales representatives and other licensed distributors of the products entitled to participate in the demutualization, together with the officers, directors and other employees of _____ and its subsidiaries, are collectively referred to herein as the "Associates". The Associates who distribute these products, together with the Associates who act as home office customer service representatives, serve as _____ principal means of communication with those entitled to participate in the demutualization.

As the principal means of communications with policyholders entitled to participate in the demutualization, _____ expects that some Associates will, on their own initiative or in response to policyholders, communicate with policyholders about the demutualization and the Plan. In this regard, _____ expects that some Associates will (i) contact policyholders to ensure that they have received the Demutualization Materials, (ii) answer any questions policyholders may have in connection with the Demutualization Materials, Plan, the Hearing, the Policyholders' Meeting or how to vote, (iii) discuss with policyholders the demutualization and/or (iv) recommend to policyholders that they vote to approve the Plan. In addition, _____ is permitting Associates to give advice as to how policyholders should vote on the Plan, but _____ is not instructing Associates to advise policyholders to vote in favor of the Plan. The Associates will not receive additional compensation, directly or indirectly, for their efforts in connection with such activities.

In addition, because of the extraordinary number of policyholders and the expected volume of questions therefrom relating to the demutualization, _____ has arranged for the institution that will act as the transfer agent for Holding Company Stock (the "Transfer Agent"), to provide and staff a demutualization information "call center" (the "Demutualization Call Center"). The Transfer Agent will be _____ a "bank" as defined in Section 3(a)(6) of the Exchange Act. The Demutualization Materials will contain prominent references to toll-free telephone numbers that policyholders will be encouraged to call if they have questions about such material or how to complete their reply cards. _____ has contracted with the Transfer

Agent to provide up to 600 representatives (the "Call Center Personnel") to respond to these and other calls about the demutualization that are routed to the Transfer Agent's facility. The Call Center Personnel will make no unsolicited calls to policyholders.

Call Center Personnel will be instructed to (i) answer any questions policyholders may have in connection with the Demutualization Materials, the Plan, the Hearing, the Policyholders' Meeting or how to vote, (ii) discuss with policyholders the demutualization, (iii) report to policyholders that the Policyholder Information Booklet contains the recommendation by _____ Board of Directors that policyholders vote to approve the Plan, and (iv) discuss the reasons the Board of Directors recommends approval of the Plan that are set forth in the Policyholder Information Booklet. Call Center Personnel will be instructed to transfer or refer (a) questions relating to the demutualization that they cannot answer to designated _____ Associates and (b) questions relating to matters unrelated to the demutualization to regular _____ call centers.

In discussions with policyholders concerning the Plan, the Associates and Call Center Personnel will be specifically instructed in writing and through other procedures to be implemented by _____ to refrain from:

(i) using written materials other than the Demutualization Materials or other documents prepared by _____ for use in connection with the demutualization (such as scripts and other written materials prepared by _____);

(ii) making any revisions to the documents referred to in (i) above;

(iii) making any statements not derived from the Demutualization Materials or the other abovementioned documents;

(iv) discussing the potential market value of Holding Company Stock or advising policyholders on whether or not to express a preference for Holding Company Stock rather than cash pursuant to the Plan;

(v) discussing with policyholders their personal plans to invest or not invest in Holding Company Stock; or

(vi) recommending that policyholders participate in post-demutualization programs providing policyholders the ability to sell or purchase Holding Company Stock.

will communicate these restrictions to the Associates other than independent distributors through official bulletins from senior management, to Associates which are independent distributors through advisory communications and to Call Center Personnel through arrangements with the Transfer Agent. In addition, will designate persons to assist Associates with inquiries related to the demutualization, and provide special training to such persons about issues related to the demutualization, including adherence to the above restrictions.

During the period prior to the demutualization, including during the period when "qualified voters" will be asked to vote on the Plan, the Associates will go about their normal activities, subject to the restrictions set forth above. anticipates that such activities may well include general discussion of the effects that the demutualization may have on

Discussion

We believe that registration of the Associates and Call Center Personnel as salesmen is not required in your jurisdiction with respect to the foregoing activities since the demutualization is similar to, and within the intent of, the transactions referred to in Sec. 30-1435.(n) of the Idaho Securities Act. This section provides a transactional exemption, and a corresponding salesman exclusion, for the issuance and delivery of securities in ". . . any transaction incident to . . . a statutory or judicially approved reclassification, recapitalization, reorganization, . . . merger, consolidation or sale of assets . . .". In addition, the Call Center Personnel are associated with a bank and therefore are not required to register as salesmen.

The insurance industry, and the demutualization process in particular, are highly regulated under New Jersey's insurance laws. Eligible Policyholders have the opportunity to appear at a public hearing held by the Commissioner regarding the Plan, and qualified voting policyholders have the right to vote on the Plan at the Policyholders' Meeting. The Commissioner must approve the Plan (which is thereafter subject to potential judicial review).

will become an indirect wholly-owned subsidiary of the Holding Company, which we believe is in some respects similar to a merger or consolidation of two entities or the acquisition of in consideration of the issuance of Holding Company Stock within the intent of the above-referenced section.

We believe that communications by the Associates and Call Center Personnel with policyholders pursuant to the foregoing guidelines, including recommending or discussing voting in favor of the Plan, should not be considered as "effecting or attempting to effect purchases or sales of securities" within the meaning of the definition of "salesman" contained in Sec. 30-1402.(2) of the Idaho Securities Act. The primary function of the Associates and Call Center Personnel will be to help Eligible Policyholders, both voting and non-voting, understand the Plan and the consequences of the demutualization. The Associates will not receive additional compensation, directly or indirectly, for their activities related to the vote on the Plan. While the Transfer Agent has been contracted specifically to provide and Staff the Demutualization Call Center, the fee for this activity will not be determined or affected by the outcome of the vote on the Plan or elections made by Eligible Policyholders. None of the Associates or Call Center Personnel will be in a position to handle customer funds or securities in connection with the vote and the demutualization. The demutualization informational activities of the Associates and all of the activities of the Call Center Personnel will be limited and supervised. While discussing the Plan with policyholders, the Associates and Call Center Personnel will be instructed not to discuss the potential market value of Holding Company Stock or advise policyholders on whether to express a preference for Holding Company Stock rather than cash. The Associates and Call Center Personnel will be directed to limit any discussion about the demutualization to statements that can be found in, or derived from, the Demutualization Materials. Moreover, the Call Center Personnel will only respond to incoming calls from policyholders and will make no unsolicited contact with policyholders. In effect, the Associates and Call Center Personnel will be mere conduits between _____ and policyholders of public information about the Plan and the demutualization in connection with a corporate reorganization, and should not be considered as effecting or attempting to effect any transaction in securities for purposes of the salesman registration requirements.

Most importantly, none of the Associates or Call Center Personnel will be engaged in the business of soliciting securities transactions by virtue of communicating with policyholders, including recommending that voting policyholders approve the Plan. _____ conversion from a mutual company to a stock company and the activities of the Associates and Call Center Personnel in connection therewith are, by their nature, one-time, extraordinary events. Moreover, the Associates have not been hired for the purpose of recommending that policyholders vote in favor of the Plan, but generally have other substantial, full-time duties unrelated to the demutualization.

Based on the foregoing, we request your confirmation, or your no-action position to the effect, that salesman registration is not required of Associates or Call Center Personnel in your jurisdiction in connection with the distribution of Holding

Hon. Gavin M. Gee

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Company Stock to Eligible Policyholders if the demutualization occurs in the manner described above.

Kindly acknowledge receipt of this letter by stamping the enclosed copy of this letter with your usual form of receipt acknowledgment and returning it in the enclosed postage-paid envelope. We respectfully request that you provide us your response within 30 days of your receipt of this letter.

Please call me at _____ if you have any questions. After December 31, 2000, please contact _____ at _____. I look forward to hearing from you at your earliest convenience. Thank you for your cooperation.

Very truly yours,

(Enclosures)