

NAIC REJECTS CAPITAL AND SURPLUS RELIEF MEASURES

January 29, 2009

To Our Clients and Friends:

As we have reported in previous client updates, the Executive Committee of the National Association of Insurance Commissioners (the “NAIC”) formed the Capital and Surplus Relief (EX) Working Group (the “Working Group”) to consider a nine-part capital and surplus relief proposal submitted to the NAIC by the American Council of Life Insurers in November 2008 (the “Proposal”). The Proposal was intended to provide life insurers with relief from certain conservative reserve and risk-based capital standards. After a public hearing in Washington, D.C. on January 27, 2009, the Working Group voted to recommend modified versions of six out of the nine parts of the original Proposal for adoption by the Executive Committee.

During a conference call held on January 29, 2009, the Executive Committee voted 16 to 1 to reject the Working Group’s recommendations as a whole, with only Thomas R. Sullivan, Commissioner of the Connecticut Insurance Department, voting in favor of the recommendations.

The NAIC is now considering the next steps for the Proposal.

If you would like more information on these or other topics of interest, please contact the undersigned or any insurance industry lawyer at Debevoise & Plimpton LLP.

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