(2) In the first full paragraph on Page 2, we say: “Because the robust procedures used in the UK are seen as a means to utilize IBT in the US, the procedures are discussed in Section 2 of this white paper.” Isn’t “model” a better term, perhaps along the following lines?: “Because the robust procedures used in the UK are seen as a model that can be used as a starting point for states developing their own IBT frameworks, the UK procedures are discussed in Section 2 of this white paper.”

(3) If we want to avoid a discussion of a discussion, change the last sentence in the second paragraph on Page 4 to: “Therefore, this white paper includes a discussion of a UK case which considered consumer protection issues,” or “... which analyzed consumer protection issues.”

(4) On Page 4, there’s a claim that there have been 300 Part VII transfers without a single failure, which seems too good to be true and Temporary Footnote 6 asks for substantiation. Didn’t we acknowledge that there must have been at least one failure when we discuss the *Allianz* case on Pages 17 and 18?

(5) At the top of Page 10, I do not understand the description of the Connecticut process. The description on Page 10 seems to specifically contemplate a surviving company and a divested company, while the description on Page 9 treats both (or all) of the “resulting insurers” equally, which is the typical structure as I understand it. If what we’re trying to say is that as a practical matter one company will typically have continuity of operations and the other company will be spun off, I think we need to make that point explicitly. It’s also interesting that as pure “division” like the statute contemplates isn’t listed as an option – even if the divested company will not merge into any existing company (Option 3), there seems to be a need to set up a shell company “for a split second as a pass through.” And it would seem as though the split-second existence of a domestic insurer is more useful as a pass-through to an unaffiliated **foreign** insurer. If it’s going to be an unaffiliated domestic company, why won’t it remain in existence as the surviving company in the merger? (I know from experience that many plain-vanilla acquisitions are legally structured as mergers or chains of mergers, but I don’t really know why. I assume there are tax and/or liability reasons and not merely to churn fees.)

(6) On Pages 13 and 14, and in the recommendation on Pages 20 and 21, the discussion of Model Law # 540 is out of date and needs to be reworked to reflect that as a result of that very discussion, the Model has been amended to address these issues (though the amendments still need to be enacted in the states).

(7) At the top of Page 15, the argument that “transfers of books of business ... are completely separate from assumption reinsurance statutes” because assumption reinsurance statutes deal with the novation of single policies does not pass the straight face test, because the whole purpose of assumption reinsurance is to provide a mechanism to transfer books of business. The real question is whether assumption reinsurance statutes provide the **exclusive** mechanism to transfer blocks of business, so that each affected policyholder must give at least implied consent, and if so, what happens when the laws of different states are in conflict?

(8) Similarly, on Page 15, the Virginia case is instructive, but the most important point is that there is a mechanism by which an IBT can be binding under Virginia law without policyholder consent. It is not clear to me that “the transfer would not apply to Virginia policyholders” if the Virginia Commission finds that an IBT is **not** in their best interests, an order declaring the

transaction to be ineffective in Virginia is upheld on appeal, and the companies refuse to acquiesce, arguing that their domestic law trumps Virginia law. See discussion of federalism issues on the following pages. Likewise, on Page 20, I do not see how we can declare with confidence that “unless and until guaranty asso

“Member Insurer,” “Insolvent Insurer,” and “Assumed Claim Transaction” an orphan policyholder could not be covered by the state **guaranty** association.*”

Page 18, note 43: “There, a claim **originated** in Pawtucket, Rhode Island, but **involved** waste disposed near Attleboro, Massachusetts (the next town over, but across the state line).”

Top of Page 19, “asbestos-related” should be hyphenated.