



Illinois Department of Financial and Professional Regulation
Division of Insurance

PAT QUINN
Governor

MICHAEL T. McRAITH
Acting Secretary

MICHAEL T. McRAITH
Director
Division of Insurance

February 11, 2009

COPY

John K. Conway
General Counsel and Corporate Secretary
Kemper Insurance Companies
One Kemper Drive
Long Grove, Illinois 60049-0001

Re: Request for Permitted Practice for Kemper Insurance Companies to report Prospective Reinsurance Agreements

Dear Mr. Conway:

This is in response to your email dated February 2, 2009 related to the reporting of reinsurance agreements.

Unlike Paragraph 23 of SSAP 62 of the NAIC Accounting Practices and Procedures Manual, the proposal will report certain reinsurance contracts that met the definition of retroactive reinsurance agreements as prospective reinsurance agreements.

Normally, this transaction would result in a contra liability and special surplus fund being recorded. In the accounting shown above, the balance sheet is changed. Nevertheless, there is no impact to surplus by the change in accounting treatment.

This permitted practice is limited only to the specific facts outlined in the February 2, 2009; January 21, 2008; and in the February 1, 2007 emails and the January 25, 2006 letter submitted for the prior years' request.

Based on the above, a permitted practice is granted as of and for the years ended December 31, 2007 and December 31, 2008.

If you have any questions, please feel free to contact Thomas Ratsch of the Property and Casualty Financial Analysis Unit at (217) 524-5441.

Sincerely,

Michael T. McRaith
Director of Insurance

MTM: tr

Cc: Jack Messmore