

February 19, 2008

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 January 21, 2008 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.

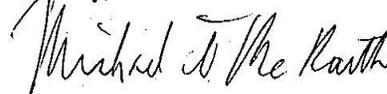
Normally, this transaction would result in a contra liability and special surplus fund being recorded. In the accounting shown above, the balance sheet is changed. Nevertheless, there is no impact to surplus by the change in accounting treatment.

This permitted practice is limited only to the specific facts outlined in the January 21, 2008 and in the February 1, 2007 email 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, 2006 and December 31, 2007.

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



**Illinois Department of Financial and Professional Regulation**  
**Division of Insurance**

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PAT QUINN  
Governor

MICHAEL T. McRAITH  
Acting Secretary

MICHAEL T. McRAITH  
Director  
Division of Insurance

February 23, 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 Lumbermens Mutual Casualty Company for valuing certain subsidiaries

Dear Mr. Conway:

This is in response to your email dated February 2, 2008 to obtaining relief from the provisions of the audit requirements for foreign insurance and U.S. non insurance subsidiaries for the purpose of valuation.

Unlike Paragraph 8 of SSAP 97 of the NAIC Accounting Practices and Procedures Manual, the proposal will value the foreign insurance subsidiary using the foreign country's accounting basis, which would then be adjusted by management to US SAP. Lumbermens' investment in its U.S. non insurance subsidiaries will be subject to review by Lumbermens' auditors in connection with their audit of the Lumbermens' financial statements and will not be audited on a stand-alone basis.

Audited financial statements are not required for Lumbermens to place a value on either its foreign insurance subsidiary or its U.S. non insurance subsidiaries.

This permitted practice is limited only to the specific facts outlined in the February 2, 2009; January 21, 2008; February 1, 2007 and the January 26, 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