

## Tony Lumpkin

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**From:** Brent Cassity  
**Sent:** Thursday, August 19, 2004 4:29 PM  
**To:** Tony Lumpkin; Doug Cassity; Randy Sutton  
**Cc:** Howard Nathans  
**Subject:** RE: Quanta Life

I think it is important to do the deal with the rated parent company. It will pay for itself 10 fold in the long run.

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**From:** Tony Lumpkin  
**Sent:** Thursday, August 19, 2004 12:03 PM  
**To:** Doug Cassity; Brent Cassity; Randy Sutton  
**Cc:** Howard Nathans  
**Subject:** Quanta Life

I just spoke with Howard Nathans and he said he's unaware of anything else Quanta is looking for at this time.

I've also spoken extensively with Roger Walker this morning about a couple of issues that we probably should discuss before our call tomorrow.

First, he hasn't heard back from the attorneys at Benfield yet as to whether Benfield would be able to be a conduit for the marketing fees. If he doesn't have an answer by tomorrow, my feeling is we should just go through North America to avoid postponing a contract. Does anyone have any thoughts on this?

Second, Quanta is planning on doing this deal in their sub, Quanta Life Reinsurance, Ltd., also a Bermuda company. This is a brand new company that has never had any business passed through it before and doesn't have a rating. However, it is a 953d company which means we won't have to pay a 1% excise tax for doing business with a foreign company. If we ask for the deal to be with the parent Quanta, we'd have to pay the excise tax. There is a question on whether the 1% tax is based on the funds withheld balance or the reinsurance charge. If based on the funds withheld balance, the tax would be 100-300K per year; if based on the reinsurance charge, it would only be 2-3K per year. I've put a call into Larry Pevnick to get this answered. Even if we do the deal with the sub, we could still market that our reinsurer's parent company has a rating of A- from Best, so I'm not sure how big of an issue this really is.

Let me know if you have any thoughts. I'll e-mail the answer to the tax question as soon as I get it.

Tony