Illinois Department of Insurance

PAT QUINN
Governor

MICHAEL T. McRAITH
Director

February 5, 2010

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 January 15, 2010 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 January 15, 2010, 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, 2008 and December 31, 2009.

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

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