

June 14, 2001

RESPONSE OF THE OFFICE OF CHIEF COUNSEL
DIVISION OF CORPORATION FINANCE

Re: Liberty Mutual Holding Company
Employers Insurance of Wausau Mutual Holding
Company
Incoming letter dated June 5, 2001

Based on the facts presented, but without necessarily agreeing with your analysis, the Division will not recommend enforcement action to the Commission if, in reliance on your opinion of counsel that membership interests in Liberty Mutual Holding Company are not securities within the meaning of the Securities Act of 1933 or the Securities Exchange Act of 1934, Employers Insurance of Wausau Mutual Holding Company causes its members and future policy holders of its stock company successor of Employers Insurance of Wausau to become members of Liberty Mutual Holdings without registration under either statute.

In reaching this position, we particularly note that:

- the Mergers will be effected under Massachusetts and Wisconsin law permitting the merger of mutual insurance holding companies;
- membership rights in Liberty Mutual Holdings will be substantially the same as membership rights in Employers Insurance of Wausau Mutual Holding Company;
- with the Merger, members of Employers insurance of Wausau Mutual Holding Company will automatically become members of Liberty Mutual Holdings;
- the Merger is subject to approval by both the Massachusetts Commissioner of the Division of Insurance and the Wisconsin Commissioner of Insurance after notice to members and a public hearing where they are entitled to appear;
- the Commissioners will approve the Merger only after finding that it is fair and equitable to members;
- Liberty Mutual Holdings will be subject to oversight by the Commissioner in its conduct toward members comparable to the

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- oversight governing Employers Insurance of Wausau Mutual Holding Company and its members; and
- Liberty Mutual Holdings may not pay dividends or make any other payment of income or profits except as provided in its articles of organization or as otherwise directed or approved by the Commissioner.

This position is based on the representations made to the Division in your letter. Different facts or conditions might require a different result. This letter expresses the Division's position on enforcement action only. It does not express a legal position on the question presented.

Sincerely,

A handwritten signature in cursive script that reads "Michael Hyatte".

Michael Hyatte
Special Counsel