

DEPARTMENT OF INSURANCE**Legal Division, Office of the Commissioner**

45 Fremont Street, 23rd Floor
San Francisco, CA 94105



February 10, 2010

VIA ELECTRONIC AND U.S. MAIL

[COMPANY NAME]

SUBJECT: Identification of Companies Doing Business in Specified Iranian Economic Sectors; Treatment of Investments in Such Companies on Insurers' Financial Statements; Request for Moratorium on Future Iran-Related Investments

Dear [Name of CEO/Pres.]:

The Department of Insurance ("Department") received your company's response to Commissioner Poizner's July 2, 2009 data call ("Data Call") seeking information about investments in companies doing business with the Iranian oil and natural gas, nuclear, and defense sectors. Thank you for your response. The Department also independently reviewed your company's investments based on its financial statements on file with the Department.

I. List of Companies Doing Business in Specified Iranian Economic Sectors

Following extensive research, analysis and consultation, the Department has developed a list of companies doing business with the Iranian oil and natural gas, nuclear, and defense sectors ("List"). The List is attached. The Department developed the List based on:

- Insurers' responses to the Data Call;
- Consultation with independent research firms KLD Research and Analytics, Inc. and Conflict Securities Advisory Group, Inc.;
- Consultation with reputational/financial risk experts at RWR Advisory Group; and
- Review of the lists of the California, Florida, and New York public pension funds.

The Department may in the future revise the List by adding companies found to be doing business with the Iranian oil and natural gas, nuclear, and defense sectors; removing companies that cease doing business with those sectors; or making changes based on other risk-related considerations. In addition, the List currently does not include banks. Based on subsequent research, analysis and consultation, the Department may supplement the List to include banks doing business with the Iranian oil and natural gas, nuclear, and defense sectors.

II. Treatment of Specified Iran-Related Investments on Insurers' Financial Statements

The Commissioner has determined that companies on the List are subject to financial risk as a result of doing business with the Iranian oil and natural gas, nuclear, and defense sectors. Iran is economically and politically unstable. It faces wide-ranging international sanctions in response to its efforts to develop nuclear weapons and its sponsorship of terrorism. Companies doing

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business with the Iranian oil and natural gas, nuclear, and defense sectors are subject to asymmetric reputational harm, and, accordingly, financial or market risk, stemming from the nature of their business activities in Iran.

Based on financial soundness considerations, the Department considers investments in companies on the List to be at risk.

Accordingly, effective March 31, 2010, the Department will treat all investments by insurers holding a certificate of authority to transact insurance in California in companies on the List and affiliates owned 50% or more by companies on the List as non-admitted on the insurer's financial statements. For all financial statements filed with the Department for periods ending on or after March 31, 2010, each insurer must report all of its investment holdings on the List as not admitted assets.

III. Request for Moratorium on Specified Future Iran-Related Investments

In recognition of the financial risk presented by investments in companies on the List, the Commissioner requests that your company agree not to invest in the future in any of those companies or in any affiliates owned 50% or more by those companies until either (a) Iran is removed from the United States State Department's list of state sponsors of terrorism or (b) the company and its affiliates cease to do business with Iran's oil and natural gas, nuclear, and defense sectors and is removed from the List.

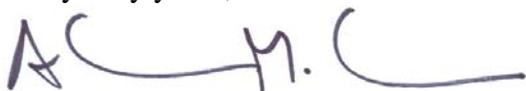
Attached to this letter is a form for your company's response to this request. **Your company must respond by March 12, 2010.** Please mail the response to the Department at the following address:

California Department of Insurance
Field Examination Division - 9th floor
300 S. Spring Street
Los Angeles, CA 90013
Attention: Al Bottalico, Division Chief

If your company does not respond to or declines the Department's request for a moratorium on future investments in companies on the List and affiliates owned 50% or more by those companies, the Department may publish your company's name on the Department's website.

Thank you for your attention to this matter.

Very truly yours,



Adam M. Cole
General Counsel

Attachments

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**RESPONSE FORM****INSURER AGREEMENT NOT TO INVEST IN COMPANIES DOING BUSINESS WITH THE IRANIAN OIL AND NATURAL GAS, NUCLEAR, AND DEFENSE SECTORS****(MUST BE COMPLETED AND RETURNED TO THE DEPARTMENT OF INSURANCE ON OR BEFORE MARCH 12, 2010)**

In your capacity as an executive officer and on behalf of your Company, please mark an "X" in the appropriate category below.

CATEGORY A:

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My company has reviewed the list of companies determined by the California Department of Insurance ("Department") to be at risk for doing business with the Iranian oil and natural gas, nuclear, and defense sectors (list circulated **February 10, 2010**) ("List"). My company agrees not to invest in the future in any companies on the List or in any affiliates owned **50%** or more by companies on the List until either (a) Iran is removed from the United States State Department's list of state sponsors of terrorism or (b) the company and its affiliates cease to do business with Iran's oil and natural gas, nuclear, and defense sectors and is removed from the List.

CATEGORY B:

[]

My company does not agree to refrain from investing in the future in companies on the List or in affiliates owned **50%** or more by companies on the List.

(Signature of Executive Officer)

(Printed Name of Officer)

Dated: _____ at _____
(Location City and State)

On behalf of:

(Company Name)

(NAIC No.)

(NAIC Group No.)

CALIFORNIA DEPARTMENT OF INSURANCE
LIST OF COMPANIES DOING BUSINESS WITH THE IRANIAN PETROLEUM/NATURAL GAS, NUCLEAR,
AND DEFENSE SECTORS
(AS OF FEBRUARY 9, 2010)

<ol style="list-style-type: none"> 1. ABB Ltd. [Switzerland] 2. ACS, Actividades de Construccion Y Servicios, S.A. [Spain] 3. Alstom [France] 4. Ashok Leyland, Ltd. [India] 5. Aker Solutions [Norway] 6. China National Petroleum Corp. [China] 7. China Petroleum & Chemical Corp. [China] 8. CNOOC Ltd. [China] 9. CNPC (Hong Kong) Limited [Hong Kong] 10. Daelim Industrial Co., Ltd. [South Korea] 11. Dragon Oil PLC [Ireland] 12. Edison Spa [Italy] 13. Eni S.p.A. [Italy] 14. Everest Kanto Cylinder Ltd. [India] 15. Finmeccanica SPA [Italy] 16. GAIL (India) Limited [India] 17. Gas Natural SDG [Spain] 18. Gazprom Neft [Russia] 19. Gazprom OAO [Russia] 20. GS E&C (Engineering & Construction) [South Korea] 21. GS Holdings Corp. [South Korea] 22. Hyundai E&C (Engineering and Construction) Co., Ltd. [South Korea] 23. Hyundai Heavy Industries [South Korea] 24. Ina-Industrija Nafta DD [Croatia] 25. Indian Oil Corporation, Ltd. [India] 	<ol style="list-style-type: none"> 26. Linde AG [Germany] 27. Lukoil OAO [Russia] 28. Oil & Natural Gas Corp. (ONGC) [India] 29. OMV [Austria] 30. PetroChina Company Limited [China] 31. Petrofac Limited [United Kingdom] 32. Petroliam Nasional Bhd (Petronas) [Malaysia] 33. Petronas Gas Bhd [Malaysia] 34. PT Citra Tubindo Tbk [Indonesia] 35. PTT Exploration & Production PCL (PTTEP) [Thailand] 36. PTT Public Company Limited [Thailand] 37. Ranhill Bhd [Malaysia] 38. Repsol YPF [Spain] 39. Royal Dutch Shell Plc [United Kingdom] 40. Sasol Limited [South Africa] 41. Siemens AG [Germany] 42. StatoilHydro ASA [Norway] 43. Tatneft [Russia] 44. Technip S.A. [France] 45. Trevi-Finanziaria Industriale S.p.A. (Trevi Group) [Italy] 46. Total S.A. [France] 47. Welspun-Gujarat Stahl Rohren Limited [India] 48. Worley Parsons Ltd. [Australia] 49. Ulan-Ude Aviation Plant JSC [Russia] 50. ZiO-Podol'sk OAO [Russia]
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