



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

---

PAT QUINN  
Governor

MICHAEL T. McRAITH  
Acting Secretary

MICHAEL T. McRAITH  
Director  
Division of Insurance

January 30, 2009

Ms. Kim Raisbeck  
Financial Analysis Director  
Financial Regulation  
CNA  
333 S. Wabash -22 South  
Chicago, Illinois 60604

Re: Request for Permitted Practice for Continental Casualty Company in Regards to the Accounting for Deferred Taxes

Dear Ms. Raisbeck:

This is in response to your letter dated January 8, 2009 related to the accounting of deferred taxes. Normally, pursuant to SSAP No. 10 of the *NAIC Accounting Practices and Procedures Manual*, the gross deferred tax asset would result in including the lesser of:

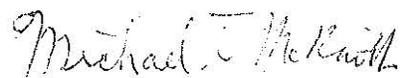
- i. The amount of gross DTAs, after the application of paragraph 10 (a) expected to be realized within one year of the balance sheet date or,
- ii. Ten percent of statutory capital and surplus as required to be shown on the statutory balance sheet of the reporting entity for its most recently filed statement with the domiciliary state commissioner adjust to exclude any net DTAs, EDP equipment and operating system software and any net positive goodwill.

The DTA issue is currently being discussed at the NAIC for the year ending 2008. It is anticipated that further discussions will take place relating to periods beyond 12/31/08. We have taken into account these deliberations and other circumstances described in your letter.

As a result it has been determined that the Company will be allowed either the gross DTA expected to be realized within three years of the balance sheet date in paragraph (i) or twenty-five percent of statutory capital and surplus as required to be shown on the statutory balance sheet of the reporting entity for its most recently file statement as demonstrated in paragraph (ii).

This permitted practice will be allowed through September 30, 2009. Any questions regarding this can be addressed to Mindy Lucht at (217) 785-4079 or Jim Hanson at (217) 782-6284.

Sincerely,

A handwritten signature in cursive script that reads "Michael T. McRaith".

Michael T. McRaith  
Director

MTM:mml  
cc: Jack Messmore