



STATE BOARD OF INSURANCE

1110 SAN JACINTO

AUSTIN, TEXAS 78701-1998

EDWIN J. SMITH, JR., Chairman
DAVID H. THORNBERRY, Member
JAMES L. NELSON, Member

DOYCE R. LEE, Commissioner
ERNEST A. EMERSON, Fire Marshal
NICHOLAS MURPHY, Chief Clerk

May 9, 1988

R. Michael Thompson
Executive Vice President
Equity American Insurance Company
600 Las Colinas Blvd, Suite 202
Irving, Texas 75039

Re: Filing of Special Manuscript Contractual Liability Policy

Dear Mr. Thompson:

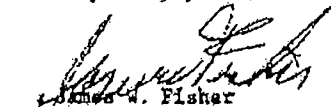
After a thorough review of the captioned filing by our staff attorney and the general liability staff we are of the opinion that this policy is essentially an indemnifying contract for a game of chance and therefore is a wagering contract. Such devices do not lawfully constitute insurance, and would be void as they are against public policy.

Insurance is designed to indemnify insureds against loss through specified perils. A peril by definition is not the anticipated outcome, but rather an unfortunate and uncontrollable event which may cause a loss. Awarding prizes is not a peril, it is a foreseeing results of holding a legitimate contest.

Based upon this we find your filing unacceptable for use in the State of Texas.

A letter voluntarily withdrawing your filing will alleviate the necessity of a Board Order disapproving same.

Very truly yours,


James A. Fisher
Director, General Liability
Casualty Division

JMF/dr

RESPONDENTS 1