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ND PERS



June 28, 2012

Sparb Collins
Executive Director
North Dakota Employees Retirement System
400 East Broadway, Suite 505 P.O. Box 1657
Bismark, North Dakota 58502-1657

Dear Mr. Collins,

This letter is in response to your letter dated May 23, 2012 concerning North Dakota Employees Retirement System's interpretation of the recent announcement of the Hartford's intent to sell of our Retirement Plan Group.

You have indicated that the North Dakota Public Employees Retirement System ("NDPERS") has taken "the position that Hartford is terminating its provider agreement with the sale of its retirement business; and that under the provisions of N.D.C.C. Ch. 54-52.2 and N.D.A.C. art. 71-04, the buyer of that retirement business would need to enter onto a new provider agreement with NDPERS in order to provide products to NDPERS members." The following detailed discussion outlines The Hartford's position: First, that it (The Hartford) has not terminated either (1) the Group Annuity Contract issued to NDPERS and the Plan, or (2) the Provider Administrative Agreement as a result of its announcement of a possible sale of the retirement plans group. This is because nothing has changed as a result of the announcement, any sale is likely a year or more in the future, and the impact of a sale on the agreements referenced above can only be determined at the time of the sale. That is, The Hartford will continue to fully conduct its retirement business in the same manner. Second, even at the time the sale is closed, whether or not either agreement reference above is terminated will depend upon the facts and circumstances of the sale, and the nature of the transaction (stock sale, asset sale and/or reinsurance transaction). Please note that we continue to highly value our relationship with NDPERS and we will provide you with information of the process as things develop. We are willing to discuss any questions or concerns that NDPERS may have.

The Hartford has reviewed the group annuity contract issued to the Plan (GC-107995, effective May 1, 1986, as amended and restated November 15, 2003, the "Group Annuity Contract") and the Provider Administrative Agreement effective January 1, 1999, as amended January 14, 2001 and May 19, 2005 (the "Provider Agreement"). We have also reviewed the North Dakota statutes and code that you referenced in your letter. As we have indicated previously, The Hartford is continuing to provide all services and products after the announcement in the same manner as before, and the Group Annuity Contract will remain in full force and effect under the same provisions, terms and conditions even after the sale. Based upon the review, The Hartford has concluded that there is no termination of either the Provider Agreement that would be triggered as a result of The Hartford's announcement (and clearly The Hartford has not, and under its terms, could unilaterally terminate the Group Annuity Contract). That is, upon a thorough review of the Provider Agreement, including particularly the termination provisions, we found no provision of the Provider Agreement that expressly provided (or even implied) that The Hartford in any way terminated the contract by its actions to this point. Further, it is the position of The Hartford that the Provider Agreement will continue without change, certainly up to the time of the closing of any sale; and that the nature and terms of the sale will determine whether the Provider Agreement will continue in much the same of as the Group Annuity Contract. Of course, NDPERS has the right to terminate both the Provider Agreement and the Group Annuity Contract, subject to the terms and conditions of each agreement.

We hope this information has answered your questions and clarified the recent events. The Hartford's Retirement Plans Group business remains strong as does our commitment to you, your participants, and to providing unparalleled service to our retirement plan clients. We appreciate your ongoing support and partnership, and are committed to keeping you informed. Please do not hesitate to contact me if you have any questions or concerns. Thank you for being a valued client.

Sincerely,

A handwritten signature in cursive script that reads "Kirsten E. Steiert".

Kirsten Steiert
Senior Retirement Consultant
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