

The Plymouth Rock Company
695 Atlantic Avenue
Boston, Massachusetts 02111

January 17, 2008

BY FACSIMILE & REGULAR MAIL

Mr. Ronald J. Pastuch, CPA
Holding Company Manager
State of Washington
Office of Insurance Commissioner
PO Box 40255
5000 Capital Blvd.
Tumwater, WA 98501

RECEIVED

JAN 18 2008

INSURANCE COMMISSIONER
COMPANY SUPERVISION

RE: J.C. Flowers II, L.P. Form A Regarding National Merit Insurance Company

Dear Mr. Pastuch:

I am writing in response to your letter to me dated January 11, 2008. First, thank you for your careful attention to this matter. We remain excited about the proposed transaction and are looking forward to a closing. With respect to your specific questions, my response to each is set forth below.

Question 1: *Please state the person or persons who want Mr. Stone to serve on the future DRC board?*

My understanding is that all of the stockholders are in favor of Mr. Stone's service on the DRC Board. Among the reasons that have been cited are Mr. Stone's experience as a former insurance commissioner and as a successful, knowledgeable insurance executive. Under the terms of the proposed Stockholders' Agreement, the stockholders agree to cause their respective appointed directors to initially elect Mr. Stone to the board. Mr. Stone can be removed and replaced as a director by a majority of the other directors. Of the 10 initial directors other than Mr. Stone, J.C. Flowers II, L.P. ("Flowers") has the power to name six, thereby controlling any majority board vote. Mr. Flowers specifically requested that Mr. Stone serve on the Board of Direct Response Corporation following the closing of the above referred transaction.

Question 2: *What effect, if any, could Mr. Stone's presence have on the DRC board and could it result in significant influence over the other DRC board members?*

My understanding is that the stockholders intend that Mr. Stone's presence and contributions to the Company as a Board member will be helpful to the Company. Mr. Stone's voice, and vote, however, will be one of 11 (or one of 18 if the Board is fully expanded) knowledgeable, independent thinking Board members. His presence will not constitute an ability to direct or control the Company, its management or the DRC Board.

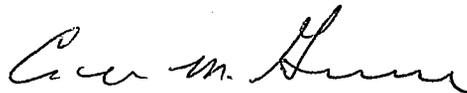
Question 3: Does Mr. Stone provide any consultant or managerial services to DRC at this time or in the future? If so, please state the purpose and reason for these services?

In October, 2006 Mr. Stone, at the request of the Company's stockholders, entered into a contract with all of the stockholders and the Company pursuant to which he made himself "available to give advice to the Company's new chairman as required and requested up to a maximum time commitment of 5% of his overall business time in any month." The consulting agreement took effect on November 30, 2006, the date on which Mr. Stone resigned as Chairman and as a director of the Company. Mr. Stone has not been on the Board of the Company during the term of the consulting agreement. The consulting agreement runs for 18 months or until a Change of Control occurs, if earlier. Mr. Stone may continue to provide consulting services to the Company upon approval of the proposed transaction, but the terms of any such consulting agreement have not been negotiated or agreed to by the parties.

With respect to your inquiry about managerial services provided by PRC to the Company, when the Company was initially formed, PRC provided assistance to the Company in areas ranging from marketing to information technology to tax work. As the Company has grown, nearly all of these functions have been assumed by in-house personnel of the Company and PRC is reimbursed only for limited administrative functions and associated overhead costs, all of which are approved by the Company's Compensation Committee before being presented to the full Board for approval. These services and their relatively small dollar value have no controlling impact or effect on the Company's management.

Again, thank you for your thoughtful review of the Flowers Form A and related filings. We are anxiously looking forward to the Washington Office of Insurance Commissioner approval of the Form A and the related grant of an exemption to The Plymouth Rock Company. If you have any additional questions, please do not hesitate to contact me.

Sincerely,



Colleen M. Granahan

CMG/afb

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<p>COLLEEN GRANAHAN 617-951-1645 PLYMOUTH ROCK 695 ATLANTIC AVE BOSTON MA 02111</p> <p>SHIP TO: RONALD J. PASTUCH, CPA 360-725-7211 WA OFFICE OF INSURANCE COMMISSIONER 5000 CAPITAL BLVD. TUMWATER WA 98501-4426</p>	<p>WA 985 0-01</p> 	<p>UPS NEXT DAY AIR</p> <p>TRACKING #: IZ 02X 189 01 9875 0250</p> <p>1</p> 	<p style="text-align: right;">1 OF 1</p> <p style="text-align: center;">LTR</p> <div style="text-align: center;">  </div> <p style="text-align: center;">PRC</p> <p style="text-align: center;">Cost Center: PRC</p> <p style="text-align: center; font-size: small;">CS 10.0.24. WXPTE60 72.0A.10/2007</p> 
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Please reply to:

PO Box 40259
Olympia, WA 98504-0259
FAX: (360) 586-2022

OFFICE OF
INSURANCE COMMISSIONER

FAXED ONLY
(617) 951-9939

January 11, 2008

COLLEEN M. GRAHANAN
COUNSEL TO THE CHAIRMAN
THE PLYMOUTH ROCK COMPANY, INC.
695 ATLANTIC AVENUE
BOSTON, MA 02111

Re: The Plymouth Rock Company ("PRC") and Mr. James M. Stone
J.C. Flowers II, L.P. Form A with Respect to National Merit Insurance Company

Dear Ms. Grahanan:

Thank you for your response to our letter dated November 30, 2007 received on December 21, 2007. We also sent a letter dated December 20, 2007 as follow-up to the November 30th letter; however, we are supplementing that letter with additional questions concerning The Plymouth Rock Group ("PRC") and Mr. James M. Stone.

We are reviewing affiliated parties' voting share concentrations and proposed board representations of Direct Response Corporation ("DRC"), and the potential for significant influence in the direction of DRC. Since Mr. Stone was the former chairman of DRC, we are looking at controlling factors which he may exercise from his proposed director position and other circumstances. Please respond to the questions in the order as presented:

1. Please state the person or persons who want Mr. Stone to serve on the future DRC board.
2. What effect, if any, could Mr. Stone's presence have on the DRC board and could it result in significant influence over the other DRC board members?
3. Does Mr. Stone provide any consultant or managerial services to DRC at this time or in the future? If so, please state the purpose and reason for these services.

Also relating to Question 3, we understand PRC provides managerial services to DRC at this time. Please state the purpose and reason for these services as well as any controlling effect on DRC management.



January 11, 2008
Page 2

Given the timing of the Form A filing, please respond on or before January 18, 2008.

If you have any questions, please call me at 360-725-7211.

Sincerely,



RONALD J. PASTUCH, CPA
Holding Company Manager
Company Supervision Division
Fax: 360-586-2022

cc: James T. Odiorne, Deputy Insurance Commissioner
Tom Rowland, Staff Attorney

James M. Stone
695 Atlantic Avenue
Boston, MA 02111

Hal Belodoff
The Plymouth Rock Company Incorporated
695 Atlantic Avenue
Boston, MA 02111

STATE OF WASHINGTON



INSURANCE 5000 BUILDING
P.O. BOX 40259
OLYMPIA, WA 98504-0259
Phone: (360) 725-7200

OFFICE OF
INSURANCE COMMISSIONER

To: <i>Colleen Granahan</i>	From: <i>RON PASTUCH</i>
Fax:	Title:
Phone:	Date: <i>1/11/2008</i>
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Comments:

*Request for additional information regarding
Plymouth Rock Co. & Mr. James Stone.*

If you do not receive this fax in its entirety, please call: (360) *725-7211*

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The Plymouth Rock Company
695 Atlantic Avenue
Boston, Massachusetts 02111

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DEC 21 2007

INSURANCE COMMISSIONER
COMPANY SUPERVISION

December 19, 2007

Mr. Ronald Pastuch, CPA
Holding Company Manager
Company Supervision Division
Office of the Insurance Commissioner
P.O. Box 40259
Olympia, WA 98504-02595

Re: J.C. Flowers II, L.P. Form A

Dear Mr. Pastuch:

This letter is submitted in connection with the Form A Statement Regarding the Acquisition of Control of Domestic Insurer filed by J.C. Flowers II, L.P. ("J.C. Flowers II") on May 8, 2007 and Amendment No. 2 dated November 2, 2007 (hereinafter referred to together as the "Flowers Form A") to acquire control of Direct Response Corporation and its wholly owned Washington domestic insurer subsidiary, National Merit Insurance (referred to together as "Response" or "Company").

As J.C. Flowers II will be the ultimate controlling person of Response following approval of the transaction, The Plymouth Rock Company ("Plymouth Rock") hereby respectfully requests that pursuant to RCW Section 48.31B.015(5) and any other relevant statutory provision, Plymouth Rock be exempted from any requirement to file and obtain approval of a Form A or equivalent submission in connection with the aforementioned acquisition of control by J.C. Flowers II. As grounds for this request, Plymouth Rock submits that it does not have and will not acquire as a result of the proposed transaction the ability, directly or indirectly, to control Response. Accordingly, approval of Plymouth Rock's request for an exemption is appropriate.

In connection with the pending transaction, J.C. Flowers II will purchase 123,720 shares of the Company and own approximately 46% of the Company. With ownership of nearly one-half of the Company's outstanding shares and the Board representation rights noted below, J.C. Flowers II has appropriately asserted that it will be the ultimate controlling entity of Response. Plymouth Rock currently owns 21,349 shares or 8% of the total outstanding stock. In connection with the proposed transaction, Plymouth Rock will acquire 4,899 shares and increase its ownership position by 1.85%, bringing Plymouth Rock's holding to 9.85%, below the threshold for a rebuttable presumption of control threshold. As a 9.85% holder (and fourth largest shareholder)

following approval of the Flowers Form A, Plymouth Rock's share ownership will not be sufficient to control, directly or indirectly, the direction or policies of Response.

Upon approval of the Flowers Form A, the 2004 Shareholders Agreement, as amended and extended, will expire and be terminated in its entirety. At such time, a new Shareholders Agreement, dated as of March 28, 2007, as amended on October 10, 2007 ("2007 Shareholders Agreement") and submitted with the Flowers Form A will take effect. The 2007 Shareholders Agreement sets forth the size and composition of the Company's Board. It also governs the rights and obligations of the shareholders of the Company with respect to certain matters involving the governance and control of Response. Specifically, the 2007 Shareholders Agreement provides that J.C. Flowers II will have the ability to name 6 of the initial 11 seats on the Board and that J.C. Flowers II may increase the size of the Board up to 18 members and designate up to 13 of these 18 seats. The 2007 Shareholders Agreement also provides that Jeff Keil will continue to serve as Chairman of Response. Plymouth Rock will be entitled to 2 Board designees under the terms of the 2007 Shareholders Agreement. Jim Stone will also be entitled to a seat only so long as he is elected to the Board by a majority of certain directors (the majority of whom are J. C. Flowers' designees). With 2 seats on a Board of 11 to 18 persons, it is clear that Plymouth Rock's Board representation does not rise to the level of control.

In sum, following approval of the Flowers Form A, Plymouth Rock will have neither the Board representation nor the share ownership sufficient to direct or cause the direction of the management or policies of Response. To find otherwise would be inconsistent with the facts and intentions of the parties to the shareholders agreement. J.C. Flowers II will be the ultimate controlling entity of Response and has so asserted. For these reasons, Plymouth Rock respectfully requests that it be granted an exemption from filing and obtaining Form A approval in connection with this transaction. Finally, and simply as a point of information, the Connecticut Department of Insurance has considered the issue of control in connection with this transaction, has reviewed carefully the above-described corporate governance and share ownership provisions, and determined to grant an exemption from the change of control requirements to Plymouth Rock.

If you have any questions, please do not hesitate to contact me. I can be reached at 617-951-1645. Thank you in advance for your time and consideration of this request.

Very truly yours,



Colleen M. Granahan
Counsel to the Chairman

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 PLYMOUTH ROCK ASSURANCE CORP
 895 ATLANTIC AVE
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PHONE: (617) 851-1628

TO: (PLEASE PRINT)
 Mr. Ronald Pastuch, CFA
 Office of the Insurance Commissioner
 Holding Company Manager
 Company Supervision Division
 P.O. Box 40259
 Olympia, WA 98504-0259

PHONE: 360-725-7000

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December 20, 2007

OFFICE OF
INSURANCE COMMISSIONER

COLLEEN M. GRAHANAN
COUNSEL TO THE CHAIRMAN
THE PLYMOUTH ROCK COMPANY, INC.
695 ATLANTIC AVENUE
BOSTON, MA 02111

Re: The Plymouth Rock Company ("PRC") and Mr. James M. Stone
J.C. Flowers II, L.P. Form A with Respect to National Merit Insurance Company

Dear Ms. Grahanan:

As noted in my previous letter dated November 30, 2007, we received the second Amendment to Form A by JC Flowers II LP and J. Christopher Flowers on November 7, 2007. We expressed our concerns regarding the presumption of control of Direct Response Corporation ("DRC") by The Plymouth Rock Group ("PRC") and Mr. James M. Stone, its chairman and CEO and who through his beneficial ownership with Plymouth Rock, proposes to accumulate 12.4 percent of DRC's voting securities.

As stated in our November 30th correspondence, we have not received any filing for a Form A filing or disclaimer of control concerning this presumption of control. We based this presumption from the above ownership of voting securities and proposed representation on an eleven member board.

The OIC expects PRC and Mr. Stone to comply with the requirements of Chapter 48.31B RCW on this matter. PRC and Mr. Stone must file a Form A filing in accordance with RCW 48.31B.015, 48.31B.020, and Chapter 284-18 WAC, or apply for disclaimers of control according to RCW 48.31B.025(11). The deadline for this filing must be received by the OIC on or before January 15, 2008.

If you have any questions, please call me at 360-725-7211.

Sincerely,

A handwritten signature in cursive script that reads "Ronald J. Pastuch".

RONALD J. PASTUCH, CPA
Holding Company Manager
Company Supervision Division
Fax: 360-586-2022

cc: James T. Odiome, Deputy Insurance Commissioner
Tom Rowland, Staff Attorney

Mailing Address: P. O. Box 40255 • Olympia, WA 98504-0255
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501

December 20, 2007

Page 2

James M. Stone
695 Atlantic Avenue
Boston, MA 02111

Hal Belodoff
The Plymouth Rock Company Incorporated
695 Atlantic Avenue
Boston, MA 02111



Please reply to:

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FAX: (360) 586-2022

OFFICE OF
INSURANCE COMMISSIONER

November 30, 2007

COLLEEN M. GRAHANAN
COUNSEL TO THE CHAIRMAN
THE PLYMOUTH ROCK COMPANY, INC.
695 ATLANTIC AVENUE
BOSTON, MA 021111

Re: The Plymouth Rock Company ("PRC") and Mr. James M. Stone
J.C. Flowers II, L.P. Form A with Respect to National Merit Insurance Company

Dear Ms. Grahanan:

We received the second Amendment to Form A by JC Flowers II LP and J. Christopher Flowers on November 7, 2007.

According to the amended Stock Purchase Agreement dated October 10, 2007 and its related Exhibits, PRC agreed to purchase 4,899 common stock shares of Direct Response Corporation ("DRC") from Metalmark Managed Funds. The proposed purchase would increase PRC's voting share percentage to 9.9 percent from 8.0 percent. Mr. Stone's voting share percentage will remain the same. The cumulative voting shares of PRC and Mr. Stone, its chairman and CEO, would be 12.4 percent.

Also according this filing, Mr. Stone retains stock options to purchase additional shares of DRC. Although these options have not been exercised to date, the proposed voting shares in combination with these options would increase PRC and Mr. Stone's cumulative voting shares fully diluted to 16.1 percent.

We understand that PRC and Mr. Stone filed a Form A exemption request to the Connecticut Insurance Department. We also understand the Connecticut Insurance Department requested certain conditions to approve such request and PRC agreed the department's conditions.

The Washington OIC has not received any formal request regarding this purchase.

After reviewing all of this information, the Washington OIC is concerned that PRC and Mr. Stone combined currently has and, after the purchase of 4,899 voting shares of DRC, will retain a controlling interest of DRC through its ownership of voting securities as contemplated by RCW 48.31B.005. The OIC also is concerned that PRC and Mr. Stone's cumulative voting shares of DRC are not solely for investment purposes and the principals representing PRC and Mr. Stone currently are and will use their shareholder

November 30, 2007

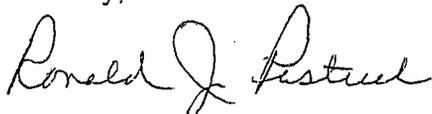
Page 2

ownership and board representation to direct or cause the direction of the management and policies of DRC and National Merit Insurance Company.

The OIC requests PRC and Mr. Stone together file a Form A filing in accordance with RCW 48.31B.015, 48.31B.020, and Chapter 284-18 WAC. If PRC and Mr. Stone disagree with this request, PRC and Mr. Stone may file disclaimers of affiliation according to RCW 48.31B.025(11). The OIC will recommend to allow or disallow the disclaimers during the hearing.

If you have any questions, please call me at 360-725-7211.

Sincerely,



RONALD J. PASTUCH, CPA
Holding Company Manager
Company Supervision Division
Fax: 360-586-2022

cc: James T. Odiorne, Deputy Insurance Commissioner
Tom Rowland, Staff Attorney

James M. Stone, 695 Atlantic Avenue, Boston, MA 02111
Hal Belodoff, The Plymouth Rock Company Incorporated, 695 Atlantic Avenue,
Boston, MA 02111