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Corporate & Financial Regulation

APR - 4 2013

Pennsylvania  
Insurance Department

Virginia A. McCarthy  
Associate General Counsel

**VIA OVERNIGHT MAIL**

April 2, 2013

Robert E. Brackbill  
Chief, Company Licensing Division  
Pennsylvania Insurance Department  
Bureau of Company Licensing and Financial Analysis  
1345 Strawberry Square  
Harrisburg, PA 17120

**Re: Redomestication of The Employers' Fire Insurance Company  
(NAIC# 20648)**

Dear Mr. Brackbill:

I am writing on behalf of the OneBeacon Insurance Group LLC ("OneBeacon Group") seeking approval of the proposed transfer of domicile of The Employer's Fire Insurance Company ("Employers' Fire"), a property and casualty insurance company incorporated under the laws of the Commonwealth of Massachusetts to the Commonwealth of Pennsylvania. Approval is sought pursuant to Pennsylvania's Business Corporation Law and Insurance Company Law.

Employers' Fire holds a Certificate of Authority in the Commonwealth of Pennsylvania as a foreign insurer. Attached as Exhibit A is a copy of Employers' Fire current Certificate of Authority in Pennsylvania for the period April 1, 2013-March 31, 2014. Employers' Fire has been issuing property and casualty insurance in Pennsylvania since 1973. It is a wholly owned subsidiary of OneBeacon Insurance Company.

The proposed redomestication is part of a multi-step process involving the restructure of the companies within the OneBeacon Group, including the proposed sale of OneBeacon Insurance Company and Potomac Insurance Company to a subsidiary of Armour Group Holdings Limited. As a pre-closing

condition to the sale, OneBeacon Group has agreed, among other things, to transfer the domicile of Employers' Fire and OneBeacon America Insurance Company from Massachusetts to Pennsylvania. (A separate request to transfer the domicile of OneBeacon America Insurance Company is being filed simultaneously with the Massachusetts Division of Insurance and the Pennsylvania Insurance Department.)

On January 31, 2013, the Board of Directors of Employers' Fire passed a resolution authorizing the redomestication from Massachusetts to Pennsylvania. On February 1, 2013, the sole shareholder of Employers' Fire authorized the redomestication from the Massachusetts to Pennsylvania. Copies of the Secretary's Certificates attesting to such actions are attached as Exhibits B and C, respectively.

Employers' Fire applied for a Certificate of Authority with the Pennsylvania Secretary of State on March 25, 2013. A copy of the application is attached as Exhibit D.

On April 2, 2013, Employers' Fire filed an application with the Massachusetts Division of Insurance seeking approval to redomesticate from the Commonwealth of Massachusetts to the Commonwealth of Pennsylvania. A copy of the transmittal letter is attached as Exhibit E.

Copies of the following are also attached in support of this application:

- Exhibit F – UCAA Application Form including Primary Application Checklist, executed UCAA Primary Application and Form 3 (Lines of Insurance)
- Exhibit G – Filing Fee of \$2500.00 (Item 2)
- Exhibit H – Minimum Capital and Surplus Requirements (Item 3)
- Exhibit I – Certificate of Deposit (Item 4)
- Exhibit J – Name approval by Pennsylvania Insurance Department (Item 5)
- Exhibit K – Form B Holding Company Statement for year-end 2012 (Item 7)
- Exhibit L – Debt-to-Equity Ratio Statement (Item 10)
- Exhibit M – Public Records Package including Articles of Incorporation, Certified Bylaws, Annual Statutory Statement as of 12/31/2012; Quarterly Statements for all of 2012; 2011 Audit Report for OneBeacon Insurance Group<sup>1</sup> (Item 12)
- Exhibit N - Annual Statement with Attachments (Item 15) *see Exhibit L*
- Exhibit O- Quarterly Statements (Item 16) *see Exhibit L*
- Exhibit P- Risk-Based Capital Report (Item 17)
- Exhibit Q - CPA Audit Report (Item 18) *see Exhibit L*
- Exhibit R - Reports of Examination (for the period 2002-2006; the examination for 2007-2011 is still underway) (Item 19)

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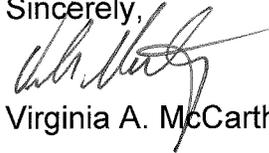
<sup>1</sup> The year-end 2012 Audit Report will not be available until June 1, 2013

Exhibit S - Certificate of Compliance (Item 20)  
Exhibit T - Articles of Redomestication [DRAFT]

Based on the foregoing, we respectfully request that the Commissioner (i) approve Employers' Fire's request to redomesticate from the Commonwealth of Massachusetts to the Commonwealth of Pennsylvania and (ii) the issuance of a Certificate of Authority to Employers' Fire as a domestic stock casualty insurance corporation.

Should you require additional information or have any questions regarding the proposed transaction, please contact me directly at 781-332-7191 or [vmccarthy@onebeacon.com](mailto:vmccarthy@onebeacon.com).

Sincerely,



Virginia A. McCarthy

Enclosures