

AGREEMENT AND PLAN OF MERGER
OF
HOUSTON GENERAL INSURANCE COMPANY
AND
ONEBEACON INSURANCE COMPANY

THIS AGREEMENT AND PLAN OF MERGER (the "Agreement") is entered into between **Houston General Insurance Company** ("HGIC"), a Texas stock property and casualty insurance company, and **OneBeacon Insurance Company** ("OBIC"), a Pennsylvania stock property and casualty insurance company. HGIC and OBIC are affiliates of the **OneBeacon Insurance Group LLC** ("OBLLC"), an insurance holding company domiciled in the State of Delaware.

The parties desire that HGIC and OBIC be merged into a single corporation in accordance with the Agreement, the Pennsylvania Insurance Code, the Pennsylvania Business Corporation Law, the Texas Insurance Code and the Texas Business Organizations Code with OBIC being the sole surviving entity. The transactions contemplated by and described in the Agreement are referred to as the "Merger," and shall be effective as set forth in Article 1.4.

HGIC is authorized to issue One Million (1,000,000) shares of common stock at par value of Ten Dollars (\$10.00) of which One Million (1,000,000) shares are issued and outstanding at this time. HGIC has no preferred stock, authorized, issued or outstanding. OBIC owns 100% of the issued and outstanding shares of HGIC.

OBIC is authorized to issue Six Hundred Thousand (600,000) shares of common stock at par value of Ten Dollars and Fifty Cents (\$10.50) of which Four Hundred Thousand (400,000) shares are issued and outstanding at this time. Of the outstanding shares One Hundred Fifty-Nine Thousand Three Hundred Seven (159,307) shares are held by OBIC as treasury stock. OBIC has no preferred stock, authorized, issued or outstanding. OBLLC owns 100% of the issued and outstanding shares of OBIC.

ARTICLE 1.
THE TRANSACTIONS

Subject to the terms and conditions of the Agreement, the Merger shall be carried out in the following manner:

1.1 Eligibility for Merger. HGIC and OBIC are eligible for merger under the merger provisions of the Pennsylvania Insurance Code, the Pennsylvania Business Corporation Law, the Texas Insurance Code and the Texas Business Organizations Code. The Boards of Directors of

both HGIC and OBIC have unanimously approved the Agreement. In addition, the sole shareholder of HGIC and the sole shareholder of OBIC have approved the Agreement. The parties have satisfied all regulatory requirements.

1.2 Surviving Company. HGIC shall be merged with and into OBIC by the filing of the Articles of Merger with the Pennsylvania Department of Insurance, the Pennsylvania Department of State and the Texas Department of Insurance in accordance with the laws of each state. At the effective time of the Merger, these companies shall become a single company, and the survivor shall be **OneBeacon Insurance Company** (the "Surviving Company"). The Surviving Company shall have all the rights, privileges, immunities, and powers, and shall be subject to all the duties, obligations and liabilities, of an insurance company organized under the laws of the Commonwealth of Pennsylvania. All policies and obligations of HGIC shall be assumed by the Surviving Company on the same terms as if the policies were still being carried by HGIC. All property of HGIC shall immediately become vested as the property of the Surviving Company.

1.3 Effect of the Merger. From and after the effective time of the Merger, the effect of the Merger upon each of HGIC and OBIC and the Surviving Company shall be as provided under the Pennsylvania Insurance Code, the Pennsylvania Business Corporation Law, the Texas Insurance Code, and the Texas Business Organizations Code..

1.4 Effective Date. The effective date of the Merger shall be the date on which the Articles of Merger are filed with the Pennsylvania Department of State, subject to the prior approval of the Pennsylvania Commissioner of Insurance and the Texas Commissioner of Insurance.

1.5 Additional Actions. If, at any time after the effective date of the Merger, the Surviving Company shall determine that any further assignments or assurances or any other acts are necessary or desirable to vest, perfect, or confirm or record or otherwise, in the Surviving Company its rights, title or interest in, to, or under any other rights, properties or assets of either of HGIC and OBIC acquired or to be acquired by the Surviving Company, as a result of, or in connection with, the Merger, or to otherwise carry out the purposes of the Agreement, then HGIC and OBIC and their respective officers and directors shall be deemed to have granted to the Surviving Company an irrevocable power of attorney to execute and deliver all such proper deeds, assignments and assurances in law and to do all acts necessary and proper to vest, perfect, and confirm title to and possession of such rights, properties or assets in the Surviving Company, and are fully authorized in the name of each of HGIC and OBIC to take any and all action as may be contemplated by the Agreement.

1.6 Corporate Attributes. Immediately after the effective date of the Merger, the Surviving Company shall have the following attributes until they are subsequently changed in the manner provided by the Pennsylvania Business Corporation Law.

(a) Name. The name of the Surviving Company shall remain "**OneBeacon Insurance Company.**"

(b) Articles of Incorporation. The Articles of Incorporation of the Surviving Company

shall be the Articles of Incorporation of OBIC as in effect as of the effective date of the Merger.

(c) Bylaws. The Bylaws of the Surviving Company shall be the Bylaws of OBIC as in effect as of the effective date of the Merger.

(d) Directors. The individuals serving as directors of OBIC immediately prior to the effective date shall continue in office, until his or her successors are duly elected and qualified, as the directors of the Surviving Company and shall be the following persons: Dennis A. Crosby, Sean W. Duffy, Joan K. Geddes, Josette D. Kiel, Paul H. McDonough, T. Michael Miller, Maureen A. Phillips, Brian D. Poole, Paul F. Romano, and Thomas N. Schmitt.

(e) Officers. The individuals serving as officers of OBIC immediately prior to the effective date shall continue in office, until his or her successors are duly elected and qualified, as the officers of the Surviving Company and shall be the following persons:

T. Michael Miller	President and Chief Executive Officer and Chairman of the Board
Paul J. Brehm	Senior Vice President
Sean W. Duffy	Senior Vice President and Chief Claims Officer
Dana P. Hendershott	Senior Vice President
Josette D. Kiel	Senior Vice President and Chief Underwriting Officer
Scott W. McClintock	Senior Vice President and Chief Information Officer
Paul H. McDonough	Senior Vice President and Chief Financial Officer
Maureen A. Phillips	Senior Vice President and General Counsel
Brian D. Poole	Senior Vice President and Chief Actuary
Thomas N. Schmitt	Senior Vice President and Chief Human Resources Officer
John C. Treacy	Senior Vice President and Treasurer
Virginia A. McCarthy	Secretary

(f) Tax Identification Number. The Employer Tax Identification Number of the Surviving Company shall be the Employer Tax Number of OBIC immediately prior to the effective date of the Merger, pursuant to Internal Revenue Service Code §368(a)(1)(f).

(g) Taxes. The Surviving Company shall assume and be responsible for the payment of all fees and taxes of HGIC due to the Texas Comptroller, the Internal Revenue Service, or any other state or federal authority. Should there be outstanding tax liability owed by OBIC, the Surviving Company shall assume and pay same.

1.7 Cancellation of All Issued and Outstanding Shares of HGIC. On the effective date, without any action on the part of the holder of HGIC's shares, and by virtue of the Merger, all issued and outstanding common stock of HGIC will be cancelled and shall cease to exist.

**ARTICLE 2.
AMENDMENT**

Subject to applicable law, the Agreement may be amended, modified, or supplemented by the written agreement of each of the parties at any time prior to the effective date of the Merger.

**ARTICLE 3.
MISCELLANEOUS**

3.1 Counterparts. The Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

3.2 Headings, Etc. The Article headings and section headings contained in the Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of the Agreement.

IN WITNESS WHEREOF, the undersigned parties hereto have duly executed the Agreement.

HOUSTON GENERAL INSURANCE COMPANY

By: Maureen A. Phillips
Name: SVP and DC
Title: MAUREEN A. Phillips

By: Virginia A. McCarty
Name: Virginia A. McCarty
Title: Secretary

ONEBEACON INSURANCE COMPANY

By: Maureen A. Phillips
Name: Maureen A. Phillips
Title: SVP and DC

By: Virginia A. McCarty
Name: Virginia A. McCarty
Title: Secretary

State of Minnesota

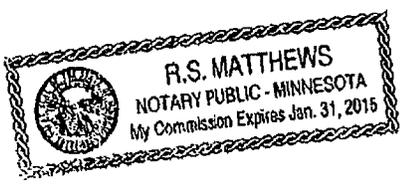
COUNTY OF Hennepin

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Before me, the undersigned authority, on this day personally appeared Marcus A. Phillips and General Counsel known to me to be the Senior VP of OneBeacon Insurance Company, a Pennsylvania insurance company, who, after being placed on his oath, stated that the preceding agreement is true and correct to the best of his knowledge as to the factual statements contained therein.

Sworn to and subscribed before me on this 4th day of March, 2013, to certify which witness my hand and seal of office.

R.S. Matthews
Notary Public in and for the _____ of _____



State of Minnesota

COUNTY OF Hennepin

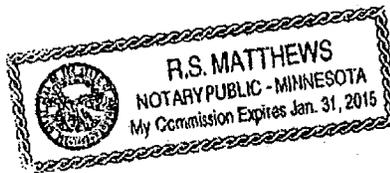
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and Social Counsel

Before me, the undersigned authority, on this day personally appeared Maureen A. Phillips known to me to be the SMVP of Houston General Insurance Company, a Texas insurance company, who, after being placed on his oath, stated that the preceding agreement is true and correct to the best of his knowledge as to the factual statements contained therein.

Sworn to and subscribed before me on this 4th day of March, 2013, to certify which witness my hand and seal of office.

R.S. Matthews
Notary Public in and for the _____ of _____



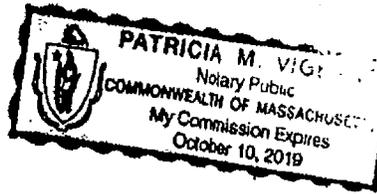
Commonwealth OF Massachusetts
COUNTY OF Norfolk

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Before me, the undersigned authority, on this day personally appeared Virginia A. McCarthy, known to me to be the Sr of Houston General Insurance Company, a Texas insurance company, who, after being placed on his oath, stated that the preceding agreement is true and correct to the best of his knowledge as to the factual statements contained therein.

Sworn to and subscribed before me on this 6th day of March, 2013,
to certify which witness my hand and seal of office.


Notary Public in and for the Commonwealth of
Massachusetts



Commonwealth OF Massachusetts

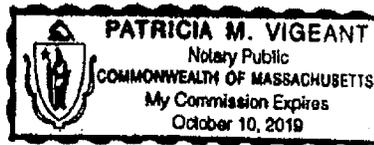
COUNTY OF Norfolk

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Before me, the undersigned authority, on this day personally appeared Virginia A. McLeary known to me to be the Secretary of OneBeacon Insurance Company, a Pennsylvania insurance company, who, after being placed on his oath, stated that the preceding agreement is true and correct to the best of his knowledge as to the factual statements contained therein.

Sworn to and subscribed before me on this 6th day of March, 2013, to certify which witness my hand and seal of office.


Notary Public in and for the Commonwealth of
Massachusetts



ARTICLES OF MERGER
OF
HOUSTON GENERAL INSURANCE COMPANY,

A Texas Insurance Company,
(the "Nonsurviving Company")

AND

ONEBEACON INSURANCE COMPANY,

A Pennsylvania Company,
(the "Surviving Company")

Pursuant to the provisions of the Pennsylvania Insurance Code, the Pennsylvania Business Corporation Law, the Texas Insurance Code and the Texas Business Organizations Code, the undersigned corporations certify the following Articles of Merger adopted for the purpose of effecting a merger in accordance with the provisions of the Pennsylvania Insurance Code, the Pennsylvania Business Corporation Law, the Texas Insurance Code and of the Texas Business Organizations Code.

ARTICLE 1.

The name of each of the undersigned corporations and other entity or entities that are a party to the Agreement and Plan of Merger or that are to be created by the Agreement and Plan of Merger, the type of such corporation or other entity and the laws under which such corporation or other entity are organized are:

<u>Name of Corporation/Entity</u>	<u>Type of Entity</u>	<u>State</u>
Houston General Insurance Company ("Nonsurviving Company")	Stock Insurance Company	Texas
OneBeacon Insurance Company ("Surviving Company")	Stock Insurance Company	Pennsylvania

The Surviving Company is domiciled in Pennsylvania and licensed to do business in Texas. The Nonsurviving Company is domiciled in Texas and licensed to do business in the Commonwealth of Pennsylvania.

ARTICLE 2.

The name of the insurance company surviving the merger is OneBeacon Insurance Company (the "Surviving Company"). The name of the Surviving Company's commercial registered office provider in the Commonwealth of Pennsylvania is c/o CT Corporation System and the county of venue is Dauphin.

ARTICLE 3.

The name of the nonsurviving insurance company is Houston General Insurance Company (the "Nonsurviving Company"). The name and address of the Nonsurviving Company's commercial registered office provider in Texas is CT Corporation System, 350 North St. Paul Street, Dallas, Texas 75201, and the name of the county of venue is Dallas County.

ARTICLE 4.

An Agreement and Plan of Merger was approved and adopted in accordance with the provisions of the Pennsylvania Business Corporation Law, the Texas Business Organizations Code, the Pennsylvania Insurance Code and the Texas Insurance Code providing for the merger of Nonsurviving Company into Surviving Company and resulting in Surviving Company being the only surviving corporation after the merger. The Agreement and Plan of Merger is set forth in full in Exhibit A attached hereto and made a part hereof.

ARTICLE 5.

An executed copy of the Agreement and Plan of Merger is on file at 600 Carlson Parkway, Suite 600, Minnetonka, MN 55305, which is the principal place of business of Surviving Company and a copy of the Agreement and Plan of Merger will be furnished by Surviving Company, on written request and without cost, to any shareholder of each domestic corporation that is a party to or created by the Agreement and Plan of Merger and to any creditor or obligee of the parties to the merger at the time of the merger if such obligation is then outstanding.

ARTICLE 6.

No amendments to the articles of incorporation of Surviving Company are to be effected by the merger.

ARTICLE 7.

As to each of the undersigned corporations, the approval of whose shareholders is required, One Hundred Fifty-Nine Thousand Three Hundred Seven (159,307) shares are held by Surviving Company as treasury stock; therefore, the number of shares, all of the same class and equal in all respects, entitled to vote on the Agreement and Plan of Merger are as follows:

	<u>Number of Shares Outstanding Including Treasury Shares</u>	<u>Number of Shares Entitled to Vote</u>
Surviving Company	400,000	240,693
Nonsurviving Company	1,000,000	1,000,000

ARTICLE 8.

Pursuant to 15 Pa.C.S. Section 1924(a), the Board of Directors of the Surviving Company, acting by unanimous written consent dated to be effective as of March 5, 2013, adopted resolutions approving the Agreement and Plan of Merger, directing that it be submitted to a vote of the sole shareholder of the Surviving Company entitled to vote in respect thereof, authorizing the execution of the Agreement and Plan of Merger by the officers of the Surviving Company for and on its behalf, and directing the officers to take all necessary action to complete the merger. A unanimous written consent dated to be effective as of March 6, 2013, was signed by the sole shareholder of the Surviving Company, holding 100% of its issued and outstanding shares of capital stock, duly approved and adopted the Agreement and Plan of Merger.

ARTICLE 9.

Pursuant to Chapter 10 of the Texas Business Organizations Code and Chapter 824 of the Texas Insurance Code, the Board of Directors of the Nonsurviving Company, acting by unanimous written consent dated to be effective as of March 5, 2013, adopted resolutions approving the Agreement and Plan of Merger, directing that it be submitted to a vote of the sole shareholder of the Nonsurviving Company entitled to vote in respect thereof, authorizing the execution of the Agreement and Plan of Merger by the officers of the Nonsurviving Company for and on its behalf, and directing the officers to take all necessary action to complete the merger. A unanimous written consent dated to be effective as of March 6, was signed by the sole shareholder of the Nonsurviving Company, holding 100% of its issued and outstanding shares of capital stock, duly approved and adopted the Agreement and Plan of Merger.

ARTICLE 10.

As to each of the undersigned corporations, the approval of whose shareholders is required, the number of shares, all of the same class and equal in all respects, voted for and against the Agreement and Plan of Merger, respectively as follows:

	<u>Total Voted For</u>	<u>Total Voted Against</u>
Surviving Company	240,693	0
Nonsurviving Company	1,000,000	0

ARTICLE 11.

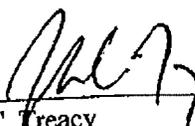
The manner of the adoption of the Agreement and Plan of Merger and the vote by which it was adopted constitute full legal compliance with the provisions of the Pennsylvania and Texas insurance laws, all other applicable laws, and the Articles of Incorporation and Bylaws of the Surviving Company.

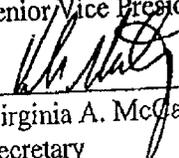
ARTICLE 12.

The effective date of the Merger shall be the date on which the Articles of Merger are filed with the Pennsylvania Department of State, subject to the prior approval of the Pennsylvania Commissioner of Insurance and the Texas Commissioner of Insurance.

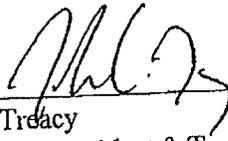
Dated: March 27, 2013.

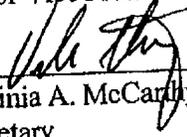
HOUSTON GENERAL INSURANCE COMPANY

By: 
Name: John C. Treacy
Title: Senior Vice President & Treasurer

By: 
Name: Virginia A. McCarthy
Title: Secretary

ONEBEACON INSURANCE COMPANY

By: 
Name: John C. Treacy
Title: Senior Vice President & Treasurer

By: 
Name: Virginia A. McCarthy
Title: Secretary

**PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU**

Articles/Certificate of Merger

- (15 Pa.C.S.)
 Domestic Business Corporation (§ 1926)
 Domestic Nonprofit Corporation (§ 5926)
 Limited Partnership (§ 8547)

Document will be returned to the name and address you enter to the left.

Name <u>Virginia A. McCarthy</u>		
Address <u>150 Royall Street</u>		
City <u>Canton</u>	State <u>MA</u>	Zip Code <u>02021</u>

Fee: \$150 plus \$40 additional for each Party in additional to two

In compliance with the requirements of the applicable provisions (relating to articles of merger or consolidation), the undersigned, desiring to effect a merger, hereby state that:

1. The name of the corporation/limited partnership surviving the merger is:
One Beacon Insurance Company

2. Check and complete one of the following:

The surviving corporation/limited partnership is a domestic business/nonprofit corporation/limited partnership and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County
(b) Name of Commercial Registered Office Provider				County
<u>c/o CT Corporation</u>				<u>Douphin</u>

The surviving corporation/limited partnership is a qualified foreign business/nonprofit corporation/limited partnership incorporated/formed under the laws of _____ and the (a) address of its current registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is (the Department is hereby authorized to correct the following information to conform to the records of the Department):

(a) Number and Street	City	State	Zip	County
(b) Name of Commercial Registered Office Provider				County
<u>c/o</u>				

The surviving corporation/limited partnership is a nonqualified foreign business/nonprofit corporation/limited partnership incorporated/formed under the laws of _____ and the address of its principal office under the laws of such domiciliary jurisdiction is:

Number and Street	City	State	Zip
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3. The name and the address of the registered office in this Commonwealth or name of its commercial registered office provider and the county of venue of each other domestic business/nonprofit corporation/limited partnership and qualified foreign business/nonprofit corporation/limited partnership which is a party to the plan of merger are as follows:

Number	Registered Office Address	Commercial Registered Office Provider	County
	c/o CT Corporation		Dauphin County

4. Check, and if appropriate complete, one of the following:

The plan of merger shall be effective upon filing these Articles/Certificate of Merger in the Department of State.

The plan of merger shall be effective on: _____ at _____
Date Hour

5. The manner in which the plan of merger was adopted by each domestic corporation/limited partnership is as follows:

Name	Manner of Adoption
One Beacon Insurance Company	Adopted by the Directors and Shareholders pursuant to 19 Pa.C.S. §1924(a)

6. Strike out this paragraph if no foreign corporation/limited partnership is a party to the merger. The plan was authorized, adopted or approved, as the case may be, by the foreign business/nonprofit corporation/limited partnership (or each of the foreign business/nonprofit corporations/limited partnerships) party to the plan in accordance with the laws of the jurisdiction in which it is incorporated/organized.

7. Check, and if appropriate complete, one of the following:

The plan of merger is set forth in full in Exhibit A attached hereto and made a part hereof.

Pursuant to 15 Pa.C.S. § 1901/§ 8547(b) (relating to omission of certain provisions from filed plans) the provisions, if any, of the plan of merger that amend or constitute the operative provisions of the Articles of Incorporation/Certificate of Limited Partnership of the surviving corporation/limited partnership as in effect subsequent to the effective date of the plan are set forth in full in Exhibit A attached hereto and made a party hereof. The full text of the plan of merger is on file at the principal place of business of the surviving corporation/limited partnership, the address of which is:

Number and Street	City	State	Zip	County
600 Carlson Parkway, Suite 600,	Minnetonka	MN	55305	

IN TESTIMONY WHEREOF, the undersigned corporation/limited partnership has caused these Articles/Certificate of Merger to be signed by a duly authorized officer thereof this

26th day of March,
2013

One Beacon Insurance Company

Name of Corporation/Limited Partnership

V.A. McCarthy

Signature

Virginia A. McCarthy, Secretary

Title

Houston General Insurance Company

Name of Corporation/Limited Partnership

V.A. McCarthy

Signature

Virginia A. McCarthy, Secretary

Title