

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of OneBeacon Insurance	:	Holding Companies Act, Article
Company in Support of the Request for	:	XIV of the Insurance Company
Approval to Merge Houston General	:	Law of 1921, Act of May 17, 1921,
Insurance Company, Traders & General	:	P.L. 682, <u>as amended</u> , 40 P.S.
Insurance Company and The Camden Fire	:	§§991.1401, 991.1402, and
Insurance Association with and into	:	991.1403; Sections 1921 through
OneBeacon Insurance Company in a	:	1929 of the 1988 Business
Transaction Exempt from the	:	Corporation Law, Act of
Requirements of 40 P.S. §991.1402	:	December 21, 1988, P.L. 1444, No.
	:	177, <u>as amended</u> , 15 Pa. C.S.
	:	§§1921-1928; Sections 205 and 207
	:	of the GAA Amendments Act of
	:	1990, Act of December 19, 1990,
	:	P.L. 834, No. 198, <u>as amended</u> , 15
	:	P.S. §§21205 and 21207.
	:	
	:	Order No. ID-RC-13-05

DECISION AND ORDER

AND NOW, on this 22nd day of April, 2013, Stephen J. Johnson, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Insurance Holding Companies Act, the 1988 Business Corporation Law and the GAA Amendments Act of 1990, and in consideration of the documents, presentations and reports received, as well as other inquiries and studies as permitted by law, the Deputy Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of Entities

1. Houston General Insurance Company (“Houston”) is a foreign stock casualty insurance company organized under the laws of Texas with its principal place of business located in Minnetonka, Minnesota.

2. Traders & General Insurance Company (“Traders”) is a foreign stock casualty insurance company organized under the laws of Texas with its principal place of business located in Minnetonka, Minnesota.
3. The Camden Fire Insurance Association (“Camden” and together with Houston and Traders “The Foreign Insurers”) is a foreign stock casualty insurance company organized under the laws of New Jersey with its principal place of business located in Minnetonka, Minnesota.
4. OneBeacon Insurance Company (“OBIC”) is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business located in Minnetonka, Minnesota. OBIC currently owns 100% of the issued and outstanding stock of The Foreign Insurers.
5. White Mountains Insurance Group, Ltd. (“White Mountains”) is an alien holding company organized under the laws of Bermuda with its principal place of business located in Hamilton, Bermuda. White Mountains currently indirectly holds more than 75% of the issued and outstanding stock of OBIC.
6. No person controls White Mountains.
7. White Mountains is the sole ultimate controlling person of OBIC and The Foreign Insurers.

Filing of the Application

8. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. (“Insurance Holding Companies Act”), provides that all mergers or other acquisitions of control of domestic insurers must be filed with the Department for approval or disapproval.
9. Section 1402 (g) of the Insurance Holding Companies Act provides for exemption from the requirements of Section 1402:
 - a) if the merger does not have the effect of changing or influencing the control of a domestic insurer, or
 - b) if the transaction is otherwise not comprehended within the purposes of Section 1402.
10. The 1988 Business Corporation Law, Act of December 21, 1988, P.L. 1444, as amended, Sections 1921 through 1929, 15 Pa. C.S. §§1921 through 1929 (“1988 BCL”), and the GAA Amendments Act of 1990, P.L. 834, No. 198, as amended, 15 P.S. §§21205, 21207 (“GAA Amendments Act”), provide that all plans of merger of

domestic insurers must be filed with the Department for approval or disapproval.

11. On March 7, 2013, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial application (which together with all material received subsequently is collectively referenced as “Application”) from OBIC requesting approval to cause the merger of The Foreign Insurers with and into OBIC, with OBIC being the survivor of the mergers.
12. The Application was filed with the Department pursuant to Section 1402(g) of the Insurance Holding Companies Act and Section 205 of the GAA Amendments Act.

Notice of Filing and Comments

13. On March 23, 2013, the Department published notice in the *Pennsylvania Bulletin* that the Application was submitted by OBIC and such notice invited interested persons to submit comments to the Department regarding the Application for a fourteen day period, ending April 6, 2013.
14. During the fourteen day comment period, the Department received no comments regarding the proposed mergers.

The Transaction

15. OBIC has provided a Plan and Agreement of Merger for each of The Foreign Insurers (“Plans of Merger”) pursuant to Section 1924(b) of the 1988 BCL.
16. Plans of Merger provide for The Foreign Insurers to merge with and into OBIC, with OBIC being the surviving corporation of each merger (“the Mergers”).
17. As described in the Application, upon the effective date of the Mergers each share of common stock of The Foreign Insurers issued and outstanding immediately prior to the effective date of the Merger would be surrendered and extinguished.
18. As described in the Application, at the effective date of the Mergers, the Articles of Incorporation and By-Laws of OBIC in effect at the effective date of the Mergers would be the Articles of Incorporation and By-Laws of OBIC after the Mergers.
19. As described in the Application, the members of the board of directors and the officers of OBIC at the effective date of the Mergers would be the members of the board of directors and the officers of OBIC after the Mergers.
20. As described in the Application, OBIC would thenceforth be responsible and liable for all the liabilities and obligations of The Foreign Insurers.

21. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

CONCLUSIONS OF LAW

1. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the mergers of The Foreign Insurers with and into OBIC.
2. Under Section 1402(g) of the Insurance Holding Companies Act, the Department shall exempt a merger from the requirements of Section 1402 if the merger does not have the effect of changing or influencing the control of a domestic insurer.
3. Pursuant to Section 1402(g) of the Insurance Holding Companies Act, the Deputy Commissioner concludes that the proposed mergers do not change the ultimate controlling person of the parties to the mergers and, therefore, are exempt from the requirements of the Insurance Holding Companies Act.
4. The Deputy Commissioner concludes that the preparation of the Plans of Merger, pertaining to the terms and conditions, satisfy the requirements of Section 1922 of the 1988 BCL.
5. The Deputy Commissioner concludes that the Plans of Merger satisfy the requirements of Section 1924 of the 1988 BCL.
6. The Deputy Commissioner concludes that the Articles of Merger will satisfy the requirements of Section 1926 of the 1988 BCL.
7. The Deputy Commissioner concludes that the Plans of Merger will be effective upon proper filing of Articles of Merger with the Pennsylvania Department of State pursuant to Sections 1927 and 1928 of the 1988 BCL.
8. The Deputy Commissioner concludes that, if the proposed mergers are consummated, all the rights, privileges, immunities, powers and purposes of The Foreign Insurers will be conveyed to the surviving entity, as a matter of law, pursuant to Section 1929 of the 1988 BCL.
9. Pursuant to Section 205(b) of the GAA Amendments Act, the Deputy Commissioner, concludes that the terms and conditions of the proposed mergers are fair and that the proposed mergers are in accordance with law and not injurious to the interests of the policyholders and creditors.
10. The Application satisfies the requirements of the Insurance Holding Companies Act, the 1988 BCL and the GAA Amendments Act.
11. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.

BEFORE THE DEPUTY INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402,
	:	and 1403 of the Insurance
Application of OneBeacon Insurance	:	Holding Companies Act, Article
Company in Support of the Request for	:	XIV of the Insurance Company
Approval to Merge Houston General	:	Law of 1921, Act of May 17, 1921,
Insurance Company, Traders & General	:	P.L. 682, <u>as amended</u> , 40 P.S.
Insurance Company and The Camden Fire	:	§§991.1401, 991.1402, and
Insurance Association with and into	:	991.1403; Sections 1921 through
OneBeacon Insurance Company in a	:	1929 of the 1988 Business
Transaction Exempt from the	:	Corporation Law, Act of
Requirements of 40 P.S. §991.1402	:	December 21, 1988, P.L. 1444, No.
	:	177, <u>as amended</u> , 15 Pa. C.S.
	:	§§1921-1928; Sections 205 and 207
	:	of the GAA Amendments Act of
	:	1990, Act of December 19, 1990,
	:	P.L. 834, No. 198, <u>as amended</u> , 15
	:	P.S. §§21205 and 21207.
	:	
	:	Order No. ID-RC-13-05

ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”) hereby approves the application of OneBeacon Insurance Company requesting approval of the mergers of Houston General Insurance Company, Traders & General Insurance Company and The Camden Fire Insurance Association with and into OneBeacon Insurance Company subject to the following conditions:

1. OneBeacon Insurance Company shall submit any changes made to the Articles of Merger, Plans of Merger or any of the draft documents provided with the Application to the Deputy Commissioner prior to execution of the changed document.
2. A copy of the Articles of Merger shall be filed with the Deputy Commissioner not later than ten (10) days after their filing with the Pennsylvania Department of

State.

3. This transaction may be recorded as effective for accounting purpose as of the first day of the calendar quarter in which the merger is consummated.

This Order is effective immediately.

STEPHEN J. JOHNSON
Deputy Insurance Commissioner
Commonwealth of Pennsylvania