

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 Requesting Exemption from the	:	XIV of the Insurance Company
Requirements of 40 P.S. §991.1402 for the	:	Law of 1921, Act of May 17, 1921,
Restructuring of its Holding Company	:	P.L. 682, as amended, 40 P.S.
System, which includes OneBeacon Select	:	§§991.1401, 991.1402, and
Insurance Company	:	991.1403
	:	
	:	
	:	Order No. ID-RC-13-09

DECISION AND ORDER

AND NOW, on this 19th day of June, 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 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 the Parties

1. OneBeacon Select Insurance Company (“OB Select”) is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Minnetonka, Minnesota.
2. Homeland Insurance Company of New York (“Homeland”) is a foreign stock casualty insurance company organized under the laws of the State of New York

with its principal place of business in Minnetonka, Minnesota. Homeland currently directly holds 100% of the issued and outstanding ordinary shares of OB Select.

3. Atlantic Specialty Insurance Company (“Atlantic”) is a foreign stock casualty insurance company organized under the laws of the State of New York with its principal place of business 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 in Minnetonka, Minnesota. OBIC currently directly holds 100% of the issued and outstanding ordinary shares of Homeland and Atlantic.
5. White Mountains Insurance Group, Ltd. (“WMIG”) is a limited liability company organized under the laws of Bermuda with its principal place of business located in Hanover, New Hampshire. WMIG indirectly holds greater than 75% of the issued and outstanding voting stock of OBIC.
6. No person controls WMIG.
7. WMIG is the sole ultimate controlling person of OB Select.

Filing of the Application

8. On June 6, 2013, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Application”) from OBIC for approval to effectuate a plan of reorganization of the holding company system that includes OB Select.
9. 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 transactions affecting the control of a domestic insurer must be filed with the Department for approval or disapproval.
10. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

11. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction:
 - a. does not have the effect of changing or influencing the control of a domestic insurer, or
 - b. is otherwise not comprehended within the purposes of the section.

The Transaction

12. As described in the Application, Atlantic will enter into a stock purchase agreement (“the Agreement”) with OBIC.
13. As described in the Application and pursuant to the Agreement, Atlantic intends to purchase 100% of the issued and outstanding shares of Homeland from OBIC (“the Acquisition”).
14. As described in the Application, upon completion of the Acquisition, WMIG will remain as the sole ultimate controlling person of OB Select.
15. The Deputy Commissioner finds that the transactions described in the Application would not have the effect of changing or influencing the control of a domestic insurer.
16. 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 acquisition of controlling securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Deputy Commissioner has jurisdiction over the parties and subject matter of this proceeding.
3. The Application was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
4. The transaction is not being contemplated to change or influence the ultimate control of OB Select, and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
5. 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.

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ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania hereby makes the following Order:

An approving determination for the application of OneBeacon Insurance Company requesting exemption from the requirements of 40 P.S. §991.1402 for the restructuring of its holding company system, which includes OneBeacon Select Insurance Company, as set forth in the Application, is hereby granted.

This Order is effective immediately and valid for one year, provided there are no material changes to the representations provided in the application.

STEPHEN J. JOHNSON
Deputy Insurance Commissioner