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Corporate & Financial Regulation

June 19, 2014

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**Pennsylvania  
Insurance Department**

**James R. Potts**

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Stephen J. Johnson, CPA  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation  
Pennsylvania Insurance Department  
1345 Strawberry Square  
Harrisburg, PA 17120

**Re: Application of Armour Group Holdings Limited for Approval of Acquisition of control of OneBeacon Insurance Company and Potomac Insurance Company**

Dear Mr. Johnson:

We are in receipt of your letter dated June 13, 2014 regarding the Department's preliminary review of the Stock Purchase Agreement dated October 17, 2012 and associated documents, including Exhibits and Schedules and the Amendments to the SPA dated February 1, 2013 and October 25, 2013, which were filed with the Form A in the above transaction. We are responding to the Department's request for further clarification and/or updated information as set forth in your letter. Our responses are identified by reference to the corresponding number in your requests below:

1. The termination date for the SPA will be extended to December 31<sup>st</sup>, 2014. All other information contained in numbered paragraph 1 is correct. A copy of the amendment to the SPA is being filed today with Amendment No. 1 to the Form A.

2. It is correct that Section 5.11 of the Seller Disclosure Schedule does not list any guarantees and lists eleven adjuster bonds in the amount of \$1,000 each. It is confirmed that these are the bonds referred to in Section 5.11 of the SPA and there are no guarantees or additional bonds.

3. It is correct that Paragraphs 13 of the Form of Retained Business Reinsurance Agreement (SPA Exhibit 3) and the Form of Run-Off Business Reinsurance Agreement (SPA Exhibit 6) are being amended. Copies of the amended agreements are being filed today with Amendment No. 1 to the Form A.

4. It is confirmed that Section 19.2(a) of the Form of Run-Off Business Administrative Services Agreement allows the Company (ASIC) to terminate the agreement under certain circumstances and that if it is terminated by the Company pursuant to Section 19.2(a) of the

16

Stephen J. Johnson, CPA

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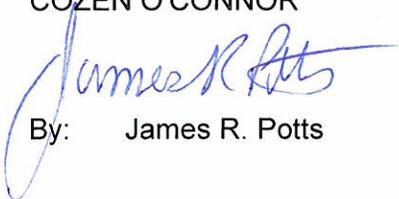
Page 2

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agreement, the Administrator (OBIC) is required to pay all fees and charges imposed by the replacement third party administrator selected to perform the services required by the agreement.

Sincerely,

COZEN O'CONNOR



By: James R. Potts