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By FEDERAL EXPRESS

July 19, 2013

Mr. Robert E. Brackbill
Chief, Company Licensing Division
Commonwealth of Pennsylvania
Insurance Department
Office of Regulation of Companies
1345 Strawberry Square
Harrisburg, PA 17120

RECEIVED
Corporate & Financial Regulation
JUL 22 2013
Pennsylvania
Insurance Department

Mr. Steven L. Yerger
Company Licensing Division
Insurance Department
Commonwealth of Pennsylvania
1345 Strawberry Square
Harrisburg, PA 17120

Re: Application of OneBeacon America Insurance Co.
And Employers' Fire Insurance Co. to
Redomesticate to Pennsylvania

Dear Messrs. Brackbill and Yerger:

As you know, this firm represents Colgate-Palmolive Company ("Colgate") concerning insurance matters.

As you also know, on April 24, 2013, Colgate filed a Petition to Intervene in the Proposed Acquisition of multiple OneBeacon insurance entities by a subsidiary of Armour Group Holdings Limited (the "Petition"). We also wrote to Mr. Yerger on May 20, 2013 regarding the applications of OBA ("OBA") and Employer's Fire Insurance Co.'s ("Employers") applications to redomesticate ("Redomestication Applications") from Massachusetts to Pennsylvania (the "Redomestication Objection").¹

¹ Colgate purchased policies from the predecessors of OBA. For a further recitation of Colgate's interest in these proceedings, we refer you to Colgate's Petition and Redomestication Objection.

05

Mr. Robert E. Brackbill
Mr. Steven L. Yerger
July 19, 2013
Page 2

Requests For Additional Information To Evaluate The Proposed Acquisition

In both the Petition and Redomestication Objection, Colgate requested the public disclosure of certain information supplied on a confidential basis by the parties involved in the proposed acquisition of the run-off risks of OBIC ("OBIC"), OBA, and Potomac Insurance Company ("Potomac"), by Trebuchet US Holdings, Inc. ("Trebuchet"), a subsidiary of Bermuda-domiciled and Bermuda-incorporated Armour Group Holdings Limited ("Armour", and all parties just named collectively as the "Applicants").

As Colgate has further researched these matters, we have developed several additional items and categories of information that we believe should be obtained by your department (to the extent they have not already been submitted), and shared with Colgate, and with other interested parties who have petitioned to intervene.

In order to make a fair assessment of the Proposed Acquisition, both the Insurance Department and Colgate should have access to, without limitation, the following general categories of documents that are described more specifically below:

- Financial statements of Trebuchet. It is important to understand the extent of financial support that Trebuchet's investors typically provide and/or procure for their investments. If Trebuchet's access to investor funds is insufficient, Trebuchet may not seek additional funds from its investors and instead let the OneBeacon entities be seized by regulators, in the event that those OneBeacon entities are inadequately capitalized.
- We understand that state examinations were conducted of certain OneBeacon entities in 2011. These examinations may reveal issues regarding valuation, reserve adequacy, intercompany transactions, etc. that would assist in understanding the viability of the relevant OneBeacon entities.
- Correspondence between OneBeacon entities and regulators or among regulators. Correspondence often provides rationale for why a particular transaction was completed. If any comments were made regarding extracting funds from the relevant OneBeacon entities before a sale, or regarding potential capital adequacy concerns, it may be reflected in such minutes and correspondence.
- Documents relating to all significant transactions occurring between affiliated entities. This information is necessary in order to unravel,

Mr. Robert E. Brackbill
Mr. Steven L. Yerger
July 19, 2013
Page 3

identify and understand the many financial transactions between and among various Applicants' subsidiaries and affiliates. For example, our investigation has revealed a series of transactions among OneBeacon Insurance Group LLC, OBIC, OneBeacon America, and Atlantic Specialty that total more than \$930 million in 2012.

- Documents relating to reinsurance. Right now the public lacks sufficient information to assess both the terminated reinsurance coverage and the coverage still in place, including the protection they provide in the event of a sale.
- The actuarial opinion, which is publicly available, provides limited information and does not include the independent actuary's evaluation of historical reserve development (that is, how they have increased or decreased over time). The information requested below would provide this type of information. Further, companies may retain third-party actuaries (that is, not the opining actuary) to evaluate reserves prior to a contemplated sale. Should this analysis differ from the company or opining actuary, it would be useful to understand those differences. Accordingly, requests below seek information relating to any such analysis.

Without gathering the documents that fall within these categories, the Department of Insurance would be unable to fully ascertain the effects of the Proposed Acquisition.

The Specific Requests

The following list outlines items that Colgate anticipates the Department of Insurance should gather as part of its review of the Stock Purchase agreement that OneBeacon Insurance Group LLC entered into with Trebuchet on October 17, 2012. These documents may assist the Department of Insurance in determining the impact of the transaction on policyholders, and ensuring that sufficient surplus remained in the runoff companies to cover future liabilities.

Trebuchet

1. Financial statements for the years ended December 31, 2011 and December 31, 2012 for Trebuchet.

State Examinations

Anderson Kill & Olick, L.L.P.

Mr. Robert E. Brackbill
Mr. Steven L. Yerger
July 19, 2013
Page 4

2. Drafts and final reports, including any actuarial reports for the following state examinations as of December 31, 2011:
 - Potomac
 - OBIC
 - OBA

Correspondence with Insurance Department

3. Correspondence between the various regulatory authorities that led to the approval to terminate, incept or amend intercompany reinsurance agreements which took effect October 1, 2012, as mentioned in Footnote 1 to the audited OneBeacon Insurance Group Combined Statutory Basis Financial Statements for the years ended December 31, 2012 and 2011.
4. Correspondence, and other documents containing minutes of meetings of the boards of directors, boards of managers or other similar governing bodies, and any committees thereof, as applicable, of OneBeacon and any related Communications, regarding the approval of OBA's extraordinary distribution of \$146,000,000 to its parent, which was recorded as \$48,210,685 of dividends and a return of capital in the amount of \$97,789,315, as disclosed in Footnote 13D of the Annual Statement for the year 2012 of OBA.
5. Correspondence and documents containing minutes of the boards of directors, boards of managers or other similar governing bodies, and any committees thereof, as applicable, of OneBeacon, regarding the approval of OBIC's dividends paid of \$40,000,000 and \$25,000,000 on March 20, 2012 and October 25, 2012, respectively, to OneBeacon Group LLC, as disclosed in Footnote 10B of the Annual Statement for the year 2012 of OBIC.

Cash and Invested Assets

6. The CUSIP/security/account-level detail for all assets that will be transferred to Trebuchet as part of the Stock Purchase. Detail should include, at a minimum:
 - CUSIP
 - Description
 - Number of shares

Anderson Kill & Olick, L.L.P.

Mr. Robert E. Brackbill
Mr. Steven L. Yerger
July 19, 2013
Page 5

- NAIC designation
 - Actual cost
 - Fair value
 - Par value
 - Book/adjusted carrying value
 - Amortized cost
7. Documents concerning the calculations and assumptions used to determine the fair value of OBA's affiliated common stock investment in Northern Assurance Company of America ("Northern Assurance") at December 31, 2011 and December 31, 2012 and Documents Concerning the calculations and assumptions used to determine the fair value of the common stock of Northern Assurance and OneBeacon Midwest Insurance Company, that were contributed by OBIC to OBA effective October 1, 2012, as disclosed in note 10B of the annual statement for the year 2012 of OBIC.OBA
8. Fair value calculations and assumptions used to value OBIC's affiliated common stock investments in the following companies as of December 31, 2011 and December 31, 2012 (as well as October 1, 2012 for Camden Fire Insurance Company and Houston General Insurance Company):
- Atlantic Specialty Insurance Company
 - Camden Fire Insurance Company
 - Employers' Fire Insurance Company
 - Homeland Insurance Company of New York
 - Houston General Insurance Company
 - OBA
 - OneBeacon Risk Management, Inc.
 - Traders & General Insurance Company

Anderson Kill & Olick, L.L.P.

Mr. Robert E. Brackbill
Mr. Steven L. Yerger
July 19, 2013
Page 6

9. The December 31, 2011 appraisal, and any subsequent appraisals, of the real estate occupied by OBIC up until October 1, 2012, which was included as part of the capital contribution to Atlantic Specialty Insurance Company on October 1, 2012.
10. Fair value calculations and assumptions used to value any other assets not specifically requested in this document of OBA and OBIC, at December 31, 2011 and December 31, 2012.
11. The Statutory Trial Balance with account level detail as of December 31, 2011 and December 31, 2012 for the following entities along with any other related documents concerning the Statutory Trial Balance:
 - (a) OBA
 - (b) OBIC
 - (c) Potomac
 - (d) Atlantic Specialty Insurance Company
 - (e) Northern Assurance Company of America
 - (f) OneBeacon Midwest Insurance Company
 - (g) Houston General Insurance Exchange
 - (h) Houston General Insurance Company
 - (i) Employers' Fire Insurance Company
 - (j) Traders & General Insurance Company
 - (k) Camden Fire Insurance Association
 - (l) Homeland Insurance Company of New York
 - (m) OneBeacon Select Insurance Company
 - (n) OBI National Insurance Company
 - (o) Homeland Insurance Company of Delaware
 - (p) OneBeacon Specialty Insurance Company

Mr. Robert E. Brackbill
Mr. Steven L. Yerger
July 19, 2013
Page 7

Information Concerning Transactions with Parent, Subsidiaries, and Affiliates

12. Fair value calculations and assumptions used to value the common stock of North Assurance Company of America, and its subsidiary OneBeacon Midwest Insurance Company, that were contributed by OBIC to OBA effective October 1, 2012, as disclosed in Footnote 10B of the Annual Statement for the year 2012 of OBIC.

- Any minutes and/or correspondence approving this transaction.

13. Fair value calculations and assumptions used to value the common stock of Homeland Insurance Company of Delaware, OBI National Insurance Company and OneBeacon Specialty Insurance Company that were contributed by OBIC to Atlantic Specialty Insurance Company effective October 1, 2012.

- Provide a detailed breakout for the remainder of the contributed capital that was part of this transaction that was comprised of cash, securities and an office building in Canton, Massachusetts, as disclosed in Footnote 10B of the Annual Statement for the year 2012 of OBIC.
- Provide any minutes and/or correspondence approving this transaction.

14. Fair value calculations and assumptions used to value the common stock of Camden Fire Insurance Association that was contributed by OneBeacon Insurance Group LLC to OBIC effective October 1, 2012, as disclosed in Footnote 10B of the Annual Statement for the year 2012 of OBIC.

- Any minutes and/or correspondence approving this transaction.

15. Fair value calculations and assumptions used to value the common stock of Houston General Insurance Company that was sold to OBIC by Houston General Insurance Exchange on October 1, 2012, as disclosed in Footnote 10B of the Annual Statement for the year 2012 of OBIC.

- Any minutes and/or correspondence approving this transaction.

16. Fair value calculations and assumptions used to value the common stock of OneBeacon Select Insurance Company that was sold by OBIC to Homeland Insurance Company of New York on October 1, 2012, as disclosed in Footnote 10B of the Annual Statement for the year 2012 of OBIC.

- Any minutes and/or correspondence approving this transaction.

Mr. Robert E. Brackbill
Mr. Steven L. Yerger
July 19, 2013
Page 8

Reinsurance

17. The reinsurance agreement between OBIC and OBA that was in effect as of December 31, 2012, including amendments, drafts and endorsements.
18. The reinsurance agreement between OBIC and Atlantic Specialty Insurance Company that was in effect as of December 31, 2012, including amendments, drafts and endorsements.
19. The reinsurance agreement between Potomac and OBIC that was in effect as of December 31, 2012, as disclosed in Footnote 10F to the Annual Statement for the year 2012 of the Potomac, including amendments, drafts and endorsements.
20. The reinsurance agreement between OBIC and OBA, The Northern Assurance Company of America, The Employers' Fire Insurance Company, The Camden Fire Insurance Association, OneBeacon Midwest Insurance Company, Traders & General Insurance Company and Potomac that was in effect as December 31, 2012, including amendments, drafts and endorsements.
21. The reinsurance agreement, including all amendments, drafts and endorsements, that Potomac entered into with OBIC to provide up to \$2.5 billion of protection against asbestos, environmental and certain other latent exposures and up to \$570.0 million in excess of loss reinsurance protection against adverse development on accident year 2000 and prior losses, as disclosed in Footnote 23F to the Annual Statement for the year 2012 of the Potomac.
22. The reinsurance agreement, including all drafts and endorsements, that Potomac entered into with National Indemnity Company ("NICO") and General Re Corporation ("Gen Re") effective June 1, 2001, as disclosed in Footnote 23F to the Annual Statement for the year 2012 of the Potomac.
23. Documents related to the calculation or that document payments made by NICO under the Reinsurance Policy identified in the prior item, (either directly, or indirectly), including "run rates" or "cash sheets."
24. Documents and concerning budgets, forecasts, strategies regarding amounts to be paid by NICO under the Reinsurance Policy identified in the immediately prior items, by year or over the initial and/or remaining duration of obligations under that Reinsurance Policy.
25. Documents and communications concerning the 100% reinsurance contract between OBA and OBIC.

Anderson Kill & Olick, L.L.P.

Mr. Robert E. Brackbill
Mr. Steven L. Yerger
July 19, 2013
Page 9

26. The “various 100% quota share reinsurance agreements” that were entered into “in lieu of the intercompany pooling agreement” as disclosed in Footnote 1 to the audited OneBeacon Insurance Group Combined Statutory Basis Financial Statements and Supplemental Information for the years ended December 31, 2012 and 2011.
27. Documents related to contemplation of or planning for a commutation or amendment of the any reinsurance policy noted above, that might arise from the Proposed Acquisition.
28. Draft and final reinsurance agreements that are expected to be implemented after the Proposed Acquisition is completed.
29. The intercompany pooling agreement that was in effect at December 31, 2011, as disclosed in Footnote 1 to the audited OneBeacon Insurance Group Combined Statutory Basis Financial Statements and Supplemental Information for the years ended December 31, 2012 and 2011.
30. The agreements effective October 1, 2012 for the legal entities “included in the sale to Trebuchet [to] cede 100% of their direct underwriting activity to [OBIC], which retains the Runoff Business and then cedes 100% of the specialty business to Atlantic Specialty Insurance Company...” as disclosed in Footnote 1 to the audited OneBeacon Insurance Group Combined Statutory Basis Financial Statements and Supplemental Information for the years ended December 31, 2012 and 2011.
31. Any reinsurance agreements or pooling arrangements between or among any entities within either Trebuchet or Armour that, whether existing or contemplated, that will potentially be available to the acquired companies after the Proposed Acquisition is completed.
32. Ceded losses and loss adjustment expenses, by reinsurer, by policy, at December 31, 2011, September 30, 2012 and December 31, 2012 for the following entities:
 - OBIC
 - Potomac
 - OBA
 - Atlantic Specialty Insurance Company

Mr. Robert E. Brackbill
Mr. Steven L. Yerger
July 19, 2013
Page 10

Loss and Loss Adjustment Expenses

33. The Actuarial Reports that support the Actuarial Opinion, including underlying workpapers, for the years 2008 through 2012 for the following entities:

- OBIC
- Potomac
- OBA
- Atlantic Specialty Insurance Company

34. The Actuarial Opinion Summaries (that is, a comparison of the entity's vs. independent actuary's carried reserves) for the years 2008 through 2012 for the following entities:

- OBIC
- Potomac
- OBA
- Atlantic Specialty Insurance Company

35. Any internal or external analyses of Asbestos and Environmental ("A&E") exposures for the years 2008 through 2012 including, but not limited to:

- The legacy A&E exposure studies performed in 2005, 2008, and 2011 referenced in the Actuarial Opinions as driving the increase in A&E reserves in those years.

36. Any third-party independent actuarial reports performed as of December 31, 2011 and December 31, 2012 for the following entities:

- OBIC
- Potomac
- OBA
- Atlantic Specialty Insurance Company

Anderson Kill & Olick, L.L.P.

Mr. Robert E. Brackbill
Mr. Steven L. Yerger
July 19, 2013
Page 11

Additional Financial Materials

37. PricewaterhouseCoopers workpapers concerning the audit of OneBeacon for the year ended December 31, 2011 and December 31, 2012.
38. Communications and documents Concerning the Organizational Exams that were completed in 2012 by the respective states of domicile of Homeland Insurance Company of Delaware, OBI National Insurance Company, OneBeacon Specialty Insurance Company, OneBeacon Select Insurance Company that were formed in 2011 as disclosed in note 1 of the Combined Statutory Basis Financial Statements for the year ended December 31, 2012 and 2011 of OneBeacon Insurance Group.
39. The documents which serve as support for Note 19 Discontinued Operations to the Consolidated Financial Statements contained in the OneBeacon Insurance Group Ltd. 2012 Form 10-K as well as the reconciling supporting documents from the 10-K to the Annual Statements
40. Documents showing the reconciliation of the Asbestos and Environmental liabilities as disclosed in One Beacon 2005 – 2012 Form 10-K and the Asbestos and Environment footnote in One Beacon Statutory Financial Statements (Footnote 33 - 2005, 2006, 2010-2012 and Footnote 32- 2007-2009).
41. Documents showing the reconciliation of reserve movements described in management discussion of reserves in Potomac Annual Statements for 2005 (page 14.7), 2008 (page 14.8) and 2011 (page 14.10) to the Annual Statement Footnote 33 and One Beacon Form 10-K disclosures.

CONCLUSION

We believe the information described above is legally required under the following provisions of the Pennsylvania statute regulating such transactions:

- (2) The source, nature and amount of the consideration used or to be used in effecting the merger, consolidation or other acquisition of control, a description of any transaction wherein funds were or are to be obtained for any such purpose, including any pledge of the insurer's stock or the stock of any of its subsidiaries or controlling affiliates, and the identity of persons furnishing such consideration, provided, however, that where a source of such consideration is a loan made in the lender's ordinary course of

Mr. Robert E. Brackbill
Mr. Steven L. Yerger
July 19, 2013
Page 12

business, the identity of the lender shall remain confidential if the person filing such statement so requests.

(3) Fully audited financial information as to the earnings and financial condition of each acquiring party for the preceding five (5) fiscal years of each such acquiring party, or for such lesser period as such acquiring party and any predecessors thereof shall have been in existence, and similar unaudited information as of a date not earlier than ninety (90) days prior to the filing of the statement.

(4) Any plans or proposals which each acquiring party may have to liquidate such insurer, to sell its assets or merge or consolidate it with any person or to make any other material change in its business or corporate structure or management.

(5) The number of shares of any security referred to in subsection (a) which each acquiring party proposes to acquire, and the terms of the offer, request, invitation, agreement or acquisition referred to in subsection (a), and a statement as to the method by which the fairness of the proposal was arrived.

(6) The amount of each class of any security referred to in subsection (a) which is beneficially owned or concerning which there is a right to acquire beneficial ownership by each acquiring party.

(7) A full description of any contracts, arrangements or understandings with respect to any security referred to in subsection (a) in which any acquiring party is involved, including, but not limited to, transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom such contracts, arrangements or understandings have been entered into.

(8) A description of the purchase of any security referred to in subsection (a) during the twelve calendar months preceding the filing of the statement, by any acquiring party, including the dates of purchase, names of the purchasers and consideration paid or agreed to be paid therefor. . . .

Mr. Robert E. Brackbill
Mr. Steven L. Yerger
July 19, 2013
Page 13

(12) Such additional information as the department may by regulation prescribe as necessary or appropriate for the protection of policyholders of the insurer or in the public interest.

40 Pa. Stat. Ann. § 991.1402 (West)

Finally, for some of the categories of information described above, it is clear that the Department would already have such information in its possession. For other categories, we cannot know whether the Department has obtained the material from the OneBeacon entities, Potomac, Trebuchet or Armour. We do know that OneBeacon has not made most of the categories of information available publicly or to its policyholders, including Colgate. Accordingly, Colgate respectfully requests that (1) with respect to information that the Department already possesses, that the Department make the information available to Colgate and other interested parties and Policyholders who have petitioned to intervene, (2) with respect to information that the Department does not already possess, that the Department (i) require the OneBeacon entities, Potomac, Trebuchet or Armour to provide the information, and (ii) that the Department also make such information available to Colgate and other interested parties and Policyholders who have petitioned to intervene.

Finally, Colgate respectfully renews its earlier requests, that the Division of Insurance (a) approve Colgate's Petition, (b) deny and reject the Redomestication Applications; (c) require OBIG, Armour, OBA and Employers', as a condition to considering any future application to redomesticate OBA or Employers' to Pennsylvania, to be subject to a hearing under Pennsylvania's hearing procedures set forth in 40 Pa. Stat. § 991.1402; and (d) subject the entire Sale transaction to a hearing under Pennsylvania's hearing procedures set forth in 40 Pa. Stat. § 991.1402.

We greatly appreciate your full and diligent attention to these matters. Please let us know if you require any further information.

Respectfully submitted,

Jerry S. Goldman