BEFORE THE 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
Group LLC Requesting Exemption from	:	XIV of the Insurance Company
the Requirements of 40 P.S. §991.1402 for	:	Law of 1921, Act of May 17, 1921,
the Merger of Atlantic Specialty Insurance	:	P.L. 682, as amended, 40 P.S.
Company with and into OneBeacon	:	§§991.1401, 991.1402, and
Specialty Insurance Company	:	991.1403
	:	
	:	Order No. ID-RC-16-11

DECISION AND ORDER

AND NOW, on this 11th day of August, 2016, Joseph DiMemmo, 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 Specialty Insurance Company ("OBSIC") is a domestic stock casualty insurance company organized under the laws of the Commonwealth of Pennsylvania with its principal place of business in Plymouth, Minnesota.

2. Atlantic Specialty Insurance Company ("ASIC") is a foreign stock casualty insurance company organized under the laws of the State of New York with its principal place of business in Plymouth, Minnesota. ASIC currently directly holds 100% of the issued and outstanding stock of OBSIC. ASIC transacts the business of insurance in Pennsylvania as an admitted insurer.

3. OneBeacon Insurance Group LLC ("OB Group") is a limited liability company organized under the laws of the State of Delaware with its principal place of

business located in Plymouth, Minnesota. OB Group currently directly holds 100% of the issued and outstanding stock of ASIC.

4. OB Group is indirectly controlled by White Mountains Insurance Group, Ltd. ("White Mountains") an exempted limited liability company organized under the laws of Bermuda.

5. No person controls 10% or more of the voting securities of White Mountains.

6. White Mountains is the sole ultimate controlling person of ASIC and OBSIC.

Filing of the Application

7. On February 16, 2016, 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 OB Group ("Applicant") for approval to merge ASIC with and into OBSIC with OBSIC being the survivor (the "Merger").

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. The Application was filed pursuant to Section 1402 of the Insurance Holding Companies Act.

10. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction does not:

    a) 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.

Notice and Filing of Comments

11. On March 12, 2016, the Department published notice in the *Pennsylvania Bulletin* that the Application had been submitted by OB Group and such notice invited interested persons to submit comments to the Department regarding the Application for a 30 day period, ending April 11, 2016.

12. The Department received no comments regarding the proposed merger.

The Transaction

13. As described in the Application, an Agreement and Plan of Merger ("Merger Agreement") was adopted by the sole shareholder of ASIC on February 4, 2016, and by the board of directors of ASIC on February 4, 2016.

14. As described in the Application, the Merger Agreement was adopted by the sole shareholder of OBSIC on February 4, 2016, and by the board of directors of OBSIC on February 4, 2016.

15. The Merger Agreement provides for ASIC to merge with and into OBSIC, with OBSIC being the surviving corporation.

16. As described in the Application, upon the effective date of the merger, OBSIC shall acquire all of the assets of ASIC and assume all of the debts and other liabilities of ASIC.

17. As described in the Application, the articles of incorporation and by-laws of OBSIC in effect immediately prior to the merger shall be the articles of incorporation and by-laws of OBSIC upon the effective date of the merger. OB Group has indicated that after completion of the merger, they intend to submit amended articles of incorporation in order to change the name of OBSIC to ASIC.

18. As described in the Application, the members of the board of directors and the officers of OBSIC prior to the merger shall be the members of the board of directors and the officers of OBSIC after the merger.

19. As described in the Application, each share of OBSIC common stock issued and outstanding or owned by OBSIC (as treasury stock or otherwise) immediately prior to the effective date of the merger shall be cancelled and retired without consideration.

20. As described in the Application, the 101,764 share of ASIC common stock issued and outstanding immediately prior to the effective date shall be converted into 45,000 shares of the common stock of OBSIC.

21. As described in the Application, White Mountains will remain the sole ultimate controlling person of OBSIC upon the effective date of the merger.

22. The Insurance Commissioner of the Commonwealth of Pennsylvania ("Commissioner") has delegated to the Deputy Insurance Commissioner the authority to approve an application that would not have the effect of changing or influencing the control of a domestic insurer.

23. The Deputy Commissioner finds that the transaction described in the Application will not result in a change of control of a Pennsylvania domiciled insurer.

24. 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 merger of ASIC with and into OBSIC.

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 merger does not change the ultimate controlling person of the parties to the merger and, therefore, is exempt from the requirements of the Insurance Holding Companies Act.

4. The Application was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.

5. The Application satisfies the requirements of the Insurance Holding Companies Act.

6. 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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Specialty Insurance Company	:	991.1403
	:	
	:	Order No. ID-RC-16-11

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 Group LLC ("OB Group") requesting exemption from the requirements of 40 P.S. §991.1402 for the merger of Atlantic Specialty Insurance Company with and into OneBeacon Specialty Insurance Company, is hereby granted subject to this Order and the following conditions:

1. OB Group shall submit any changes made to the draft Agreement and Plan of Merger provided with the Application to the Deputy Insurance Commissioner prior to the execution of the changed document.

2. An approving determination must be granted by the New York State Department of Financial Services, before the Statement of Merger is filed with the Pennsylvania Department of State. A certified copy of the New York State Department of Financial Services approval shall be provided to the Deputy Commissioner within three (3) business days of receipt by OB Group.

3. OB Group shall file a copy of the Statement of Merger, as filed with and stamped as received by the Pennsylvania Department of State, with the Deputy Commissioner within ten (10) days of receipt from the Pennsylvania Department of State.

4. 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 and valid for one (1) year from the date of signature, provided there are no significant changes from the Application.

JOSEPH DIMEMMO
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation