

AGREEMENT AND PLAN OF MERGER
OF
THE CAMDEN FIRE INSURANCE ASSOCIATION
AND
ONEBEACON INSURANCE COMPANY

THIS AGREEMENT AND PLAN OF MERGER (the “Agreement”) is entered into between **The Camden Fire Insurance Association** (“CFIA”), a New Jersey stock property and casualty insurance company, and **OneBeacon Insurance Company** (“OBIC”), a Pennsylvania stock property and casualty insurance company. CFIA and OBIC are both affiliates of OneBeacon Insurance Group LLC (“OBLLC”), an insurance holding company domiciled in the State of Delaware.

The parties desire that CFIA and OBIC be merged into a single corporation in accordance with the Agreement, the Pennsylvania Insurance Code, the Pennsylvania Business Corporation Law and the New Jersey insurance laws with OBIC being the sole surviving entity. The transactions contemplated by and described in the Agreement are referred to as the “Merger,” and shall be effective as set forth in Article 1.4.

CFIA is authorized to issue Five Hundred Thousand (500,000) shares of common stock at par value of Eight Dollars Forty Cents (\$8.40) of which Five Hundred Thousand (500,000) shares are issued and outstanding at this time. CFIA has no preferred stock, authorized, issued or outstanding. OBIC owns 100% of the issued and outstanding shares of CFIA.

OBIC is authorized to issue Six Hundred Thousand (600,000) shares of common stock at par value of Ten Dollars and Fifty Cents (\$10.50) of which Four Hundred Thousand (400,000) shares are issued and outstanding at this time. Of the outstanding shares One Hundred Fifty-Nine Thousand Three Hundred Seven (159,307) shares are held by OBIC as treasury stock. OBIC has no preferred stock, authorized, issued or outstanding. OBLLC owns 100% of the issued and outstanding shares of OBIC.

ARTICLE 1.
THE TRANSACTIONS

Subject to the terms and conditions of the Agreement, the Merger shall be carried out in the following manner:

1.1 Eligibility for Merger. CFIA and OBIC are eligible for merger under the merger provisions of the Pennsylvania Insurance Code, the Pennsylvania Business Corporation Law and the New Jersey insurance laws. The Boards of Directors of both CFIA and OBIC have

unanimously approved the Agreement. In addition, the sole shareholder of CFIA and the sole shareholder of OBIC have approved the Agreement. The parties have satisfied all regulatory requirements.

1.2 Surviving Company. CFIA shall be merged with and into OBIC by the filing of the Articles and Certificate of Merger with the Pennsylvania Department of Insurance, the Pennsylvania Department of State and the New Jersey Department of Banking and Insurance in accordance with the laws of each state, with a duplicate or certified copy of said Articles and Certificate of Merger being filed in the office of the clerk of the county or counties in New Jersey where the office or offices of CFIA are located. At the effective time of the Merger, these companies shall become a single company, and the survivor shall be **OneBeacon Insurance Company** (the "Surviving Company"). The Surviving Company shall have all the rights, privileges, immunities, and powers, and shall be subject to all the duties, obligations and liabilities, of an insurance company organized under the laws of the Commonwealth of Pennsylvania. All policies and obligations of CFIA shall be assumed by the Surviving Company on the same terms as if the policies were still being carried by CFIA. All property of CFIA shall immediately become vested as the property of the Surviving Company.

1.3 Effect of the Merger. From and after the effective time of the Merger, the effect of the Merger upon each of CFIA and OBIC and the Surviving Company shall be as provided under the Pennsylvania Insurance Code, the Pennsylvania Business Corporation Law and the New Jersey insurance laws.

1.4 Effective Date. The effective date of the Merger shall be the date on which the Articles of Merger are filed with the Pennsylvania Department of State, subject to the prior approval of the Pennsylvania Commissioner of Insurance and the New Jersey Commissioner of Banking and Insurance.

1.5 Additional Actions. If, at any time after the effective date of the Merger, the Surviving Company shall determine that any further assignments or assurances or any other acts are necessary or desirable to vest, perfect, or confirm or record or otherwise, in the Surviving Company its rights, title or interest in, to, or under any other rights, properties or assets of either of CFIA and OBIC acquired or to be acquired by the Surviving Company, as a result of, or in connection with, the Merger, or to otherwise carry out the purposes of the Agreement, then CFIA and OBIC and their respective officers and directors shall be deemed to have granted to the Surviving Company an irrevocable power of attorney to execute and deliver all such proper deeds, assignments and assurances in law and to do all acts necessary and proper to vest, perfect, and confirm title to and possession of such rights, properties or assets in the Surviving Company, and are fully authorized in the name of each of CFIA and OBIC to take any and all action as may be contemplated by the Agreement.

1.6 Corporate Attributes. Immediately after the effective date of the Merger, the Surviving Company shall have the following attributes until they are subsequently changed in the manner provided by the Pennsylvania Business Corporation Law.

(a) **Name.** The name of the Surviving Company shall remain "**OneBeacon Insurance Company.**"

(b) Articles of Incorporation. The Articles of Incorporation of the Surviving Company shall be the Articles of Incorporation of OBIC as in effect as of the effective date of the Merger.

(c) Bylaws. The Bylaws of the Surviving Company shall be the Bylaws of OBIC as in effect as of the effective date of the Merger.

(d) Directors. The individuals serving as directors of OBIC immediately prior to the effective date shall continue in office, until his or her successors are duly elected and qualified, as the directors of the Surviving Company and shall be the following persons: Dennis A. Crosby, Sean W. Duffy, Joan K. Geddes, Josette D. Kiel, Paul H. McDonough, T. Michael Miller, Maureen A. Phillips, Brian D. Poole, Paul F. Romano and Thomas N. Schmitt.

(e) Officers. The individuals serving as officers of OBIC immediately prior to the effective date shall continue in office, until his or her successors are duly elected and qualified, as the officers of the Surviving Company and shall be the following persons:

T. Michael Miller	President and Chief Executive Officer & Chairman of the Board
Paul J. Brehm	Senior Vice President
Sean W. Duffy	Senior Vice President and Chief Claims Officer
Dana P. Hendershott	Senior Vice President
Josette D. Kiel	Senior Vice President and Chief Underwriting Officer
Scott W. McClintock	Senior Vice President and Chief Information Officer
Paul H. McDonough	Senior Vice President and Chief Financial Officer
Maureen A. Phillips	Senior Vice President and General Counsel
Brian D. Poole	Senior Vice President and Chief Actuary
Thomas N. Schmitt	Senior Vice President and Chief Human Resources Officer
John C. Treacy	Senior Vice President & Treasurer
Virginia A. McCarthy	Secretary

(f) Tax Identification Number. The Employer Tax Identification Number of the Surviving Company shall be the Employer Tax Number of OBIC immediately prior to the effective date of the Merger, pursuant to Internal Revenue Service Code §368(a)(1)(f).

(g) Taxes. The Surviving Company shall assume and be responsible for the payment of all fees and taxes of CFIA due to the New Jersey Division of Revenue, the Internal Revenue Service, or any other state or federal authority. Should there be outstanding tax liability owed by OBIC, the Surviving Company shall assume and pay same.

1.7 Cancellation of All Issued and Outstanding Shares of CFIA. On the effective date, without any action on the part of the holder of CFIA's shares, and by virtue of the Merger, all issued and outstanding common stock of CFIA will be cancelled and shall cease to exist

1.8 Appointment of Commissioner of Banking and Insurance of New Jersey as Attorney. Effective as of the effective date, the Surviving Company appoints the Commissioner of Banking and Insurance of New Jersey as the true and lawful attorney of the Surviving Company in and for the state of New Jersey, upon whom all lawful process in any action or

proceeding against CFIA and OBIC may be served with the same force and effect as if the Surviving Company were incorporated under the laws of New Jersey.

**ARTICLE 2.
AMENDMENT**

Subject to applicable law, the Agreement may be amended, modified, or supplemented by the written agreement of each of the parties at any time prior to the effective date of the Merger.

**ARTICLE 3.
MISCELLANEOUS**

3.1 Counterparts. The Agreement may be executed in one or more counterparts, each of which shall constitute one and the same instrument.

3.2 Headings, Etc. The Article headings and section headings contained in the Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of the Agreement.

IN WITNESS WHEREOF, the undersigned parties hereto have duly executed the Agreement.

THE CAMDEN FIRE INSURANCE ASSOCIATION

By: _____
Name:
Title:

By: _____
Virginia A. McCarthy, Secretary

ONEBEACON INSURANCE COMPANY

By: _____
Name:
Title:

By: _____
Virginia A. McCarthy, Secretary

_____ OF _____
COUNTY OF _____

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Before me, the undersigned authority, on this day personally appeared _____, known to me to be the _____ of **OneBeacon Insurance Company**, a Pennsylvania insurance company, who, after being placed on his oath, stated that the preceding agreement is true and correct to the best of his knowledge as to the factual statements contained therein.

Sworn to and subscribed before me on this _____ day of _____, 2013, to certify which witness my hand and seal of office.

Notary Public

_____ OF _____
COUNTY OF _____

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Before me, the undersigned authority, on this day personally appeared _____, known to me to be the _____ of **The Camden Fire Insurance Association**, a New Jersey insurance company, who, after being placed on his oath, stated that the preceding agreement is true and correct to the best of his knowledge as to the factual statements contained therein.

Sworn to and subscribed before me on this _____ day of _____, 2013, to certify which witness my hand and seal of office.

Notary Public

_____ OF _____
COUNTY OF _____

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Before me, the undersigned authority, on this day personally appeared _____, known to me to be the _____ of **OneBeacon Insurance Company**, a Pennsylvania insurance company, who, after being placed on his oath, stated that the preceding agreement is true and correct to the best of his knowledge as to the factual statements contained therein.

Sworn to and subscribed before me on this _____ day of _____, 2013, to certify which witness my hand and seal of office.

Notary Public

_____ OF _____
COUNTY OF _____

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Before me, the undersigned authority, on this day personally appeared _____, known to me to be the _____ of **The Camden Fire Insurance Association**, a New Jersey insurance company, who, after being placed on his oath, stated that the preceding agreement is true and correct to the best of his knowledge as to the factual statements contained therein.

Sworn to and subscribed before me on this _____ day of _____, 2013, to certify which witness my hand and seal of office.

Notary Public