

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
Group, LLC Requesting Exemption from	:	XIV of the Insurance Company
the Requirements of 40 P.S. § 991.1402	:	Law of 1921, Act of May 17, 1921,
for a Change in the Direct Control of	:	P.L. 682, <u>as amended</u> , 40 P.S.
OneBeacon Select Insurance Company,	:	§§ 991.1401, 991.1402, and
OneBeacon Specialty Insurance Company	:	991.1403
and OBI National Insurance Company	:	
	:	Order No. ID-RC-12-13

DECISION AND ORDER

AND NOW, on this 7th day of September, 2012, 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 (“Select”) is a domestic stock casualty insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located at Minnetonka, Minnesota.
2. OneBeacon Specialty Insurance Company (“Specialty”) is a domestic stock casualty insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located at Minnetonka,

Minnesota.

3. OBI National Insurance Company (“OBI National” and together with Select and Specialty “Domestic Insurers”) is a domestic stock casualty insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located at Minnetonka, Minnesota.
4. Homeland Insurance Company of New York (“Homeland”) is an admitted foreign stock casualty insurance company organized pursuant to the laws of the state of New York with its principal place of business located at Minnetonka, Minnesota.
5. Atlantic Specialty Insurance Company (“Atlantic”) is an admitted foreign stock casualty insurance company organized pursuant to the laws of the state of New York with its principal place of business located at Minnetonka, Minnesota.
6. OneBeacon Insurance Company (“OneBeacon”) is a domestic stock casualty insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located at Minnetonka, Minnesota. OneBeacon directly holds 100% of the issued and outstanding capital stock of Select, Specialty, OBI National, Homeland and Atlantic.
7. OneBeacon Insurance Group, LLC (“LLC”) is an insurance holding company organized pursuant to the laws of the state of Delaware with its principal place of business located in Minnetonka, Minnesota. LLC directly holds 100% of the issued and outstanding capital stock of OneBeacon.
8. White Mountain Insurance Group, LTD (“White Mountain”) is an alien insurance holding company organized pursuant to the laws of Bermuda with its corporate headquarters located in Hamilton, Bermuda, and executive offices located in Hanover, New Hampshire. White Mountain indirectly controls 100% of LLC.
9. White Mountain is the sole ultimate controlling person of Domestic Insurers.

Filing of the Application

10. On August 20, 2012, the Insurance Department of the Commonwealth of Pennsylvania (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from LLC for approval to effectuate a corporate restructuring which will result in a change in the chain of control within the holding company system of Domestic Insurers, although the ultimate controlling person will not change.
11. 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 changes in control

of domestic insurers must be filed with the Department for approval or disapproval.

12. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
13. 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 have the effect of changing or influencing the control of a domestic insurer.

The Transaction

14. As described in the Request, OneBeacon would sell its holdings in Select to Homeland.
15. As described in the Request, OneBeacon would contribute its holdings in Specialty and OBI National to Atlantic.
16. As described in the Request, OneBeacon would continue to directly hold 100% of the issued and outstanding capital stock of Homeland and Atlantic.
17. As provided in the Request, ultimate control of Domestic Insurers would remain with White Mountain.
18. The Deputy Commissioner finds that the transactions described in the Request does not have the effect of changing or influencing the control of a domestic insurer.
19. 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 voting securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Request satisfies the requirements of all applicable laws and regulations.
3. The acquisition of stock proposed in the Request is not being contemplated to change or influence the ultimate control of Domestic Insurers, and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
4. 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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OneBeacon Specialty Insurance Company	:	991.1403
and OBI National Insurance Company	:	
	:	Order No. ID-RC-12-13

ORDER

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

An approving determination of the request for approval of the change in direct control of OneBeacon Select Insurance Company, OBI National Insurance Company and OneBeacon Specialty Insurance Company, as set forth in the Request, is hereby granted subject to this Order.

This Order is effective immediately and is valid for one year from the date of signature.

STEPHEN J. JOHNSON
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation