AMENDMENT NO. 1

FORM A

STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC INSURER

ONEBEACON INSURANCE COMPANY (PA)

POTOMAC INSURANCE COMPANY (PA)

(Name of Domestic Insurer(s))

by

ARMOUR GROUP HOLDINGS LIMITED,
through its subsidiary, Trebuchet US Holdings, Inc.
(Name of Acquiring Person (Applicant))

Filed with the Insurance Department of the Commonwealth of Pennsylvania

Dated: June 19, 2014

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INTRODUCTION

This Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer (the "Statement") seeks the prior approval of the Insurance Commissioner of the Commonwealth of Pennsylvania pursuant to 40 P.S. §1402(a)(1) for the acquisition of control of OneBeacon Insurance Company ("OBIC") and Potomac Insurance Company ("Potomac"), each a Pennsylvania domiciled insurance company (collectively, the "Acquired Companies"). The Acquired Companies are wholly-owned subsidiaries of OneBeacon Insurance Group LLC ("OneBeacon Group") which is controlled by White Mountains Insurance Group, Ltd.

The direct acquiring party of the Acquired Companies will be Trebuchet US Holdings, Inc., a Delaware corporation ("Trebuchet"), a wholly owned subsidiary of Trebuchet Investments Limited, a Bermuda company ("Trebuchet Investments"), which in turn is a wholly owned subsidiary of Armour Group Holdings Limited, a Bermuda company ("Armour Group"). Armour Group is controlled by voting share ownership by Brad Huntington ("Huntington") and John Williams ("Williams"), each individuals. Collectively, Trebuchet, Trebuchet Investments, Armour Group, Huntington and Williams are referred to herein as the "Applicant."

As set forth in this Statement, the proposed change of control of the Acquired Companies is part of a restructuring undertaken by OneBeacon Group (the "Restructuring") to separate its ongoing specialty insurance business from certain risks currently in run-off ("Run-Off Risks"). Under the Restructuring, such Run-Off Risks will be consolidated into the Acquired Companies for purposes of facilitating an orderly and structured run-off by the Applicant.

All changes to the Form A pursuant to this Amendment No. 1 are indicated below in bold and italicized text.

Item 1. Insurer and Method of Acquisition

State the name, NAIC code number and address of the domestic insurer to which this application relates and a brief description of how control is to be acquired.

[AMENDMENT NO. 1 - CHANGES SHOWN IN BOLD ITALICS]

A. Domestic Insurers

Name and Address	Domicile	NAIC Code Number
OneBeacon Insurance Company ("OBIC") 150 Royall Street Canton, MA 02021-1030	PA	21970
Potomac Insurance Company ("Potomac") 150 Royall Street Canton, MA 02021-1030	PA	10238

OneBeacon America Insurance Company and The Employers' Fire Insurance Company, each wholly owned subsidiaries of OBIC, are currently Massachusetts domiciled insurance companies

(the "OBIC Subsidiaries"). Prior to, and as a condition of closing of, the Applicant's acquisition of control of the Acquired Companies, Seller (as defined below) is obligated to cause the OBIC Subsidiaries to be redomesticated from Massachusetts to Pennsylvania, subject to regulatory approval. Following the redomestication of the OBIC Subsidiaries to Pennsylvania, the Applicant intends to file an amendment to this Statement to incorporate the OBIC Subsidiaries as additional acquired companies for purposes of this Statement and to pay the required additional filing fees.

B. Method of Acquisition

The Applicant proposes to acquire control of the Acquired Companies (the "Acquisition") by Trebuchet's purchase of all of the issued and outstanding shares of capital stock of the Acquired Companies (the "Shares") pursuant to the Stock Purchase Agreement (***as amended from time to time, the*** "SPA") dated October 17, 2012 by and among OneBeacon Insurance Group LLC ("Seller") and Seller's parent, OneBeacon Insurance Group, Ltd. ("Seller Parent"), and Trebuchet and Armour Group, a copy of which is included as Exhibit SPA. ***Seller, Seller Parent, Trebuchet and Armour Group entered into Amendment No. 3 to Stock Purchase Agreement, dated as of June 19th, 2014, a copy of which is included as Exhibit SPA A-3 hereto ("SPA Amendment No. 3").***

The obligations to consummate the transactions contemplated by the SPA are subject to a number of customary closing conditions including, but not limited to, prior approval of the change of control of the Acquired Companies by the Pennsylvania Insurance Department. In addition, the SPA provides for the entry at the closing of the Acquisition (the "Closing") of a number of ancillary agreements (collectively, the "Ancillary Agreements") involving, directly or indirectly, the Acquired Companies as set forth below. Further, there are certain transactions (collectively, the "Ancillary Transactions") that are being undertaken by OneBeacon Group pursuant to the Restructuring that will occur prior to Closing that have not yet been effected as set forth in Exhibit RESTRUCTURE.

The Acquisition is scheduled to close on or before the 7th business day following the satisfaction or waiver of the conditions to closing set forth in the SPA (the "Closing Date").

Item 2. Identity and Background of the Applicant

[AMENDMENT NO. 1 - CHANGES SHOWN IN BOLD ITALICS]

A.	Name and Business Address of Applicant	Domicile
	Trebuchet US Holdings, Inc. Corporation Trust Center 1209 Orange Street Wilmington Delaware 19801	Delaware
	Trebuchet Investments Limited ***Bermuda Commercial Bank Building***	Bermuda

3rd Floor, 19 Par-La-Ville Road
Hamilton HM 11
P.O. Box HM 66
Hamilton HM AX
Bermuda

Armour Group Holdings Limited — Bermuda
Bermuda Commercial Bank Building
3rd Floor, 19 Par-La-Ville Road
Hamilton HM 11
P.O. Box HM 66
Hamilton HM AX
Bermuda

Brad Huntington
Bermuda Commercial Bank Building
3rd Floor, 19 Par-La-Ville Road
Hamilton HM 11
P.O. Box HM 66
Hamilton HM AX
Bermuda

John Williams
Bermuda Commercial Bank Building
3rd Floor, 19 Par-La-Ville Road
Hamilton HM 11
P.O. Box HM 66
Hamilton HM AX
Bermuda

B. Nature of Applicant's Business

Trebuchet is a Delaware corporation formed in 2012 for purposes of acquiring the Acquired Companies. Trebuchet is a wholly-owned subsidiary of Trebuchet Investments, which in turn is a wholly-owned subsidiary of Armour Group, an exempt limited liability company organized in 2007 under the laws of Bermuda. Armour Group is a holding company. The nature of Armour Group's and its subsidiaries' business operations for the past five (5) years and their future intended business is providing specialized services to the insurance and reinsurance industry, acquiring insurance portfolios via reinsurance and other structures and providing management services in connection with investments. Armour Group's voting securities are owned 54.6% by Brad Huntington, 36.4% by John Williams and 9% by other members of Armour Group's management. Messrs. Huntington and Williams are both individuals, who are the ultimate controlling persons of Armour Group and Trebuchet. Messrs. Huntington and Williams are both insurance executives.

C. Organizational Chart.

A current organizational chart depicting the Applicant and its affiliates is included as Exhibit ORG-1. The organizational chart indicates the percentage of voting securities of each such person that is owned or controlled by Applicant or by any other person, as well as the state or other jurisdiction of domicile and type of organization. Unless otherwise indicated, control of all such persons is maintained by the ownership or control of voting securities. No court proceedings involving a reorganization or liquidation are pending with respect to any such person.

An organizational chart depicting the Applicant and its affiliates after acquiring control of the Acquired Companies is included as Exhibit ORG-2.

Item 3. Identity and Background of Individuals Associated with the Applicant

[AMENDMENT NO. 1 - CHANGES SHOWN IN BOLD ITALICS]

Biographical affidavits for the directors, executive officers and owners of 10% or more of the voting securities of Armour Group are being submitted with this Statement as Exhibit BIO. A list of the name and business address of each such person is included as Exhibit D&O. The biographical affidavits contain all information required for Item 3 of this Statement.

The following is a brief description of each such individual.

Brad Huntington
Chairman, CEO and Director

Mr. Huntington is currently Chairman, CEO and a director of Armour Group which was formed in 2007 as a vehicle for identifying, structuring and transacting value opportunities within the insurance and reinsurance sectors. Armour Holdings and its affiliates provide specialized services to the insurance and reinsurance industry; acquire insurance portfolios via reinsurance and other structures; and provide management services in connection with investments. From October 2000 until May 2005, Mr. Huntington was President, CEO and a director of The Imagine Group, an international insurance and reinsurance operation he founded in 2000. During Mr. Huntington's tenure at The Imagine Group, the company's assets grew from an initial position of US$200 million of start-up capital to approximately US$1.9 billion. Mr. Huntington has substantial experience in the oversight of underwriting and asset management operations, M&A and the integration of new operations following their acquisition. Prior to his founding The Imagine Group, Mr. Huntington was a senior executive at Centre Reinsurance Group Limited, a major operating subsidiary of the Zurich Insurance Group, where his experience included the start-up and oversight of the subsidiary's underwriting operations in continental Europe. Mr. Huntington has an M.B.A. from INSEAD in France and B.A. and LL.B. degrees from the University of Alberta in Canada. He has also qualified (but is currently inactive) as a lawyer in each of Canada, Bermuda, England and Wales.

John Williams
President and Director

Mr. Williams is currently President and a director of Armour Group. Immediately prior to commencing his current employment, Mr. Williams was employed at The Imagine Group, an international insurance and reinsurance operation, where he had responsibility for sourcing and structuring complex insurance transactions. Mr. Williams has worked in the insurance and reinsurance industry for over 25 years. He has served as a director of various Bermuda insurance companies and was a founder, a director and President of Castlewood Limited, a leading provider of run-off products for the insurance industry. In 1981 he joined a start-up underwriting manager in Bermuda, and became the underwriter of a leading reinsurer and the Chief Operating Officer of the underwriting manager. Mr. Williams served as the Chairman of the Bermuda Independent Underwriters Association and for a number of years was a member of the Insurance Admissions committee which is appointed by the Bermuda Minister of Finance.

Steve Ryland
Senior Vice President

Mr. Ryland is an Insurance Executive with over 25 years of insurance / reinsurance experience. He currently serves as a Senior Vice President of Armour Group and Director of Armour Risk Management Limited. Mr. Ryland is responsible for global business development and the group's Global service company, Armour Risk. He has developed a proven track record of global business origination, strategic drive, team management and service delivery on behalf of many international insurance and reinsurance companies. He has successfully introduced run-off strategies for numerous discontinued clients, including many international clients. Aggregate portfolio liabilities managed in excess of $5 Billion. Prior to joining Armour Group, Mr. Ryland was an Executive Director with PRO Insurance Solutions Limited - Swiss Re's former service entity, responsible for global business development, formation of its US operations, a member of the strategy executive committee and a member of the management board. Mr. Ryland is a regular speaker at industry conferences. Mr. Ryland is an Associate of the Chartered Insurance Institute (ACII)/Chartered Insurer.

Stuart Wrenn
Senior Vice President

Mr. Wrenn is an actuary with a broad insurance industry experience. He currently serves as a Senior Vice President of Armour Group, Director of Armour Risk Management Limited, Senior Vice President of Armour Management Inc. and Senior Vice President and Chief Actuary of Excalibur Reinsurance Corporation and is responsible for technical aspects of structuring, pricing and reserving as well as managing the group's actuarial resources. Prior to joining Armour Group, Mr. Wrenn worked for The Imagine Group, an international insurance and reinsurance operation, as a Pricing Actuary from September 2003 until October 2007 primarily covering structuring and pricing reinsurance transactions and acquisitions. Previously, Mr. Wrenn had worked as an Actuary for XL Winterthur International from September 2000 until January 2003, responsible for actuarial pricing of property and casualty insurance business lines and managing the team in London. He was part of the Winterthur team facilitating the acquisition by XL. Mr. Wrenn spent his early career at a number of London market and global insurance companies concentrating on the introduction of actuarial principles to underwriting teams. He has written papers in this field presented at GIRO (General Insurance Research

Organising). Mr. Wrenn is a Fellow of the Institute of Actuaries, a Fellow of the Casualty Actuarial Society and holds a BSc (Hons) in Mathematics from University of Bristol (1987).

Katherine Barker
Vice President

Ms. Barker currently serves as a Vice President of Armour Holdings and President of Armour Risk Management Inc., with responsibility for run-off of Excalibur Reinsurance Corporation and assisting in business development in the U.S. Ms. Barker has expertise in delivering closure strategies, including accelerated closures via commutation, development of collection strategies to resolve disputes and accelerate retrocession recoveries, including management of all scheme and liquidation reinsurance recoveries. Ms Barker was formerly President of PRO IS, Inc. – Swiss Re's former service entity. While at The Hartford for over twenty years, Ms. Barker was responsible for worldwide commutations, management of reinsurance audits, and reinsurance collections. Ms. Barker serves as a Co-Vice chair on the Board of Directors of AIRROC and co-chair of the Education Committee and holds a B.S. from University of Massachusetts-Amherst and M.B.A. from Babson College.

Pauline Richards
Chief Operating Officer

Ms. Richards serves as Chief Operating Officer of the Armour Group. She reports to the Chairman and President of Armour Group and is responsible for the financial reporting of the group and fulfilling the operational mandates of the Bermuda Companies. Prior to joining the Armour Group, Ms. Richards served as Chief Financial Officer of both Lombard Odier Darier Hentsch in Bermuda and Aon Bermuda. She also held the position of Director of Development at Saltus Grammar School. Ms. Richards ***was formerly*** a Director of Butterfield Bank ***and is currently a Director of Hamilton Insurance Group***, Wyndham Worldwide and Apollo LLP. Ms. Richards is a Certified Management Accountant and has a BA from Queens University, Canada.

Roger Gillett
Director

Mr. Gillett retired from the ACE Group of Insurance Companies in July of 2007. He joined ACE in November 1997 as Senior Vice President in the Business Development department bringing with him over 30 years of experience in the insurance industry. Prior to retirement, Mr. Gillett was President of ACE Risk Management International, assisting major non-U.S. corporations with their risk financing needs, including captive fronting, rent-a-captive and other sophisticated techniques. He was promoted to the position in August 2003.

Prior to joining ACE, Mr. Gillett spent 20 years with Johnson & Higgins, most recently as a Senior Vice President and Principal responsible for creating and developing their global captive management operations. Before joining Johnson & Higgins in Bermuda, Mr. Gillett spent time as a broker for Leslie & Godwin in the United Kingdom and as an underwriter for the Royal Insurance Group.

Mr. Gillett is a frequent speaker at conferences and author of numerous published articles on Alternative Risk Financing. Mr. Gillett is a member of the Bermuda Insurance Advisory Committee and Chairman of the Insurance Development Council, a sub-committee of the Bermuda Insurance Advisory Committee. He is a past president of the Bermuda Insurance Institute and the Bermuda Insurance Managers Association.

Mr. Gillett is a Fellow of the Chartered Insurance Institute and an Associate in Risk Management.

Tim Price
Director

Mr. Price is the Chairman, President and CEO of MacDougall, MacDougall & MacTier Inc., Canada's oldest brokerage firm, serving investors since 1858. He has worked at MacDougall since 1984 in a variety of roles, starting with management positions in finance and administration. From 1990 he has been a Portfolio Manager, and became a Director in 1992, serving as a member of the Executive Committee since 1993. Mr. Price assumed the position of President and Chief Executive Officer in June 2002. Prior to joining MacDougall, Mr. Price was at Coopers & Lybrand in Toronto (1980-82) and Bermuda (1982-84), and at Rowe & Pitman in London (1979-80). He has served as a Director of Armour Group Holdings Limited since its formation in 2007. He is a Chartered Accountant (1983) and Chartered Financial Analyst (1992). He graduated from Queen's University (Kingston, Ont.) with a Bachelor of Commerce (Honors) degree in 1979. He has served as Chair of the Investment Industry Association of Canada, the national organization representing the Canadian Securities Industry.

Item 4. Nature, Source and Amount of Consideration

[AMENDMENT NO. 1 – CHANGES SHOWN IN BOLD ITALICS]

A. Nature, Source and Amount of Funds.

Pursuant to the SPA, the purchase price payable by the Applicant at Closing for the shares of capital stock of the Acquired Companies (the "Purchased Shares") shall be equal to (i) $61,000,000; (ii) plus accrued accretion thereon at the rate of 5% from December 31, 2011 to the Closing Date; (iii) plus or minus the difference between the Estimated Target Statutory Capital at December 31, 2011 and the Pro Forma Target Statutory Capital as of the Closing Date (as defined in the SPA); (iv) minus $18,500,000, all as more fully described in the SPA. In the event that the purchase price as defined above is a negative number, the Seller is required to contribute funds to OBIC in an amount equal to the absolute value of the negative purchase price as required by Section 5.18 of the SPA (the "Pre-Closing Seller Contribution"). The purchase price is also subject to certain post-Closing adjustments as described in the SPA. The purchase price is payable in cash.

Pursuant to ***Section 5.18*** of the SPA, and as more fully described therein, if the Pennsylvania Insurance Department requires that, on or before the Closing, additional capital be contributed to OBIC in amounts in excess of that contemplated by the Estimated Closing Date Balance Sheet (as defined in the SPA), then Seller is required to contribute certain additional

amounts to OBIC in return for the issuance of one or more surplus notes by OBIC to Seller. ***Pursuant to SPA Amendment No. 3, among other things, Section 5.18 of the SPA was amended. In addition, the form of Surplus Notes that would be issued in the event an additional capital contribution is required under Section 5.18 of the SPA was amended. A copy of the amended form of Surplus Notes is attached as Exhibit A to SPA Amendment No. 3.***

B. Criteria Used in Determining the Nature and Amount of the Consideration.

The nature and amount of consideration to be paid for the Purchased Shares was determined by arm's-length negotiations between unrelated parties assisted by independent advisors.

C. Source of Consideration – Disclosure of Loan or Borrowed Funds

Not applicable; the funds to be used to acquire the Purchased Shares are from the Applicant's own funds. None of the consideration to be paid for the Purchased Shares will be borrowed.

Item 5. Future Plans of Insurer

Describe any plans or proposals which the applicant may have to declare an extraordinary dividend to liquidate the insurer, to sell its assets to or merge it with any person or persons or to make any other material change in its business operations or corporate structure or management.

[AMENDMENT NO. 1 – CHANGES SHOWN IN BOLD ITALICS]

A. Plans or Proposals.

Except as described in this Statement and the exhibits incorporated herein, the Applicant has no present plans or proposals to cause any of the Acquired Companies to declare an extraordinary dividend, to liquidate, to sell its assets to or to merge with any person or persons or to make any other material change in its business operations or corporate structure or management.

As set forth in the SPA, the following agreements will be entered into as conditions to and effective at the Closing of the Acquisition:

- Amended and Restated 100% Quota Share Reinsurance Agreement between Atlantic Specialty Insurance Company or its successor ("ASIC") and OBIC (the "Retained Business Reinsurance Agreement"). ***Pursuant to SPA Amendment No. 3, the form of Retained Business Reinsurance Agreement was amended. A copy of the amended form is attached as Exhibit B to SPA Amendment No. 3.***
- Amended and Restated 100% Quota Share Reinsurance Agreement between ASIC and OBIC (the "Runoff Business Reinsurance Agreement"). ***Pursuant to SPA Amendment No. 3, the form of Runoff Business Reinsurance Agreement was***

amended. A copy of the amended form is attached as Exhibit B to SPA Amendment No. 3.

- Retained Business Administrative Services Agreement by and between OBIC and ASIC.
- Runoff Business Administrative Services Agreement by and between OBIC and ASIC.
- Transition Services Agreement by and between OneBeacon Group and Trebuchet.

The following transactions are contemplated pursuant to the above-listed agreements post-closing:

- ASIC will provide certain administrative services to the Acquired Companies pursuant to the Retained Business Administrative Services Agreement for insurance and reinsurance contracts written or entered into by OBIC or any of its Affiliates (as defined in that agreement and only with respect to persons who were Affiliates prior to the effective date of that agreement) excluding the Runoff Business (as defined in the Runoff Business Reinsurance Agreement).
- OBIC will provide certain administrative services to ASIC pursuant to the Runoff Business Administrative Services Agreement for the Runoff Business (as defined in the Runoff Business Reinsurance Agreement).
- The Acquired Companies, directly or through the OBIC Subsidiaries, will write certain specialty property and casualty business on behalf of the OneBeacon Group (the "Fronted Business") for a period equal to the lesser of one year following the Closing or, in any given jurisdiction, until a member of the OneBeacon Group obtains all authorizations, producer appointments and form and rate filings or approvals required to write such business, or such longer period as may be required for the Acquired Companies to obtain any required approval to withdraw from writing or renewing such business, with such Fronted Business being 100% reinsured pursuant to the Retained Business Reinsurance Agreement and administered by a member of the OneBeacon Group pursuant to the Retained Business Administrative Services Agreement.
- Under the Transition Services Agreement, OneBeacon Group shall provide or cause to be provided certain IT, claims, reinsurance, actuarial, statutory compliance, financial reporting, tax compliance, records retention, migration and other transition services and use and access to certain systems and equipment to the Acquired Companies and the OBIC Subsidiaries with respect to the Runoff Business for a period up to eighteen (18) months after the Closing.
- Finally, Trebuchet or an affiliate of Trebuchet will enter into an intercompany services agreement with the Acquired Companies to provide certain management and other services.

As set forth in more detail in the Business Plan, attached hereto as Exhibit PLAN, Applicant expects to provide certain corporate functions supporting the Acquired Companies from its existing offices in Philadelphia. These will be provided by existing staff of Buyer

supported by a number of new hires to cover functions for which existing Seller staff are not available to transfer with the Acquired Companies.

Further, upon Closing of the Acquisition, Applicant expects to replace officers and directors of the Acquired Companies. The Applicant is in the process of identifying individuals to serve as officers and directors of the Acquired Companies and will notify the Pennsylvania Insurance Department of their selection prior to the Closing and provide all required documentation.

The Applicant is aware of and understands the requirements under applicable Pennsylvania insurance laws (40 P.S. § 991.1405(c) (3) & (4)) regarding the inclusion on the boards of directors and committees thereof of certain "independent" directors, the inclusion of "independent" directors to satisfy quorum requirements and the establishment of one or more committees of the board of directors to be comprised solely of independent directors, unless such requirements are met by an insurer or other specified entity that controls a Pennsylvania domestic insurer. From and after the Applicant's acquisition of control of the Acquired Companies, the Applicant will take all corporate actions that may be necessary to cause the Acquired Companies to comply with these requirements.

Finally, should the Applicant make any plans or proposals to cause any of the Acquired Companies to declare an extraordinary dividend, to liquidate, to sell its assets to or to merge with any person or persons or to make any other material change in its business operations or corporate structure or management other than as set forth herein or in any exhibit attached hereto, such plans will comply with all applicable insurance laws and regulations, including, without limitation, any laws or regulations requiring prior notice to or approval from applicable insurance regulatory authorities.

The Applicant is attaching hereto as Exhibit Forecast a June 30, 2014 pro forma balance sheet and a five-year financial projection for the Acquired Companies and the OBIC Subsidiaries.

Item 6. Voting Securities to be Acquired

State the number of shares of the insurer's voting securities which the applicant, its affiliates and any person listed in Item 3 plan to acquire, and the terms of the offer, request, invitation, agreement or acquisition, and a statement as to the method by which the fairness of the proposal was arrived at.

[AMENDMENT NO. 1 – NO CHANGE]

The Purchased Shares that the Applicant plans to acquire are comprised of all of the 400,000 issued and outstanding shares and 159,307 treasury shares of common stock of OBIC and all of the 1,000,000 issued and outstanding shares of common stock of Potomac. The Purchased Shares are currently owned by Seller. None of the Acquired Companies has any other shares of capital stock outstanding. None of the Applicant's affiliates, and none of the persons listed in Item 3, plan to acquire any shares of the Acquired Companies' capital stock.

The nature and amount of the consideration involved in the purchase of the Purchased Shares were determined through arm's length negotiations between unrelated persons. The terms of the Acquisition are set forth in the SPA described in Item 1 above. Pursuant to the SPA, the Applicant has agreed to acquire all of the Purchased Shares on the Closing Date for the purchase price described in Item 4(a) above, payment of which will be made from the funds described in Item 4(c) above. The fairness of the terms of the transaction was determined based on the arm's length nature of the parties' negotiations.

Item 7. Ownership of Voting Securities

State the amount of each class of any voting security of the insurer which is beneficially owned or concerning which there is a right to acquire beneficial ownership by the applicant, its affiliates or any person listed in Item 3.

[AMENDMENT NO. 1 – NO CHANGE]

None.

Item 8. Contracts, Arrangements, or Understandings with Respect to Voting Securities of the Insurer

Give a full description of any contracts, arrangements or understandings with respect to any voting security of the insurer in which the applicant, its affiliates or any person listed in Item 3 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. The description shall identify the person with whom such contracts, arrangements or understandings have been entered into.

[AMENDMENT NO. 1 – NO CHANGE]

None other than the SPA which is described in Item 1 above.

Item 9. Recent Purchases of Voting Securities

Describe any purchases of any voting securities of the insurer by the applicant, its affiliates or any person listed in Item 3 during the twelve (12) calendar months preceding the filing of this statement. Include in the description the dates of purchase, the name of the purchasers, and the consideration paid or agreed to be paid therefore.

[AMENDMENT NO. 1 – NO CHANGE]

None.

Item 10. Recent Recommendations to Purchase

Describe any recommendations to purchase any voting security of the insurer made by the applicant, its affiliates or any person listed in Item 3, or by anyone based upon interviews or at

the suggestion of the applicant, its affiliates or any person listed in Item 3 during the twelve (12) calendar months preceding the filing of this statement

[AMENDMENT NO. 1 – NO CHANGE]

None.

Item 11. Agreements with Broker-Dealers

Describe the terms of any agreement, contract or understanding made with any broker-dealer as to solicitation of voting securities of the insurer for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto.

[AMENDMENT NO. 1 – NO CHANGE]

None.

Item 12. Financial Statements and Exhibits

A. *Financial statements and exhibits shall be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.*

B. *The financial statements shall include the annual financial statements of the persons identified in Item 2(c) for the preceding five (5) fiscal years (or for such lesser period as the applicant and its affiliates and any predecessors thereof shall have been in existence), and similar information covering the period from the end of the person's last fiscal year, if that information is available. Statements may be prepared on either an individual basis, or, unless the Commissioner otherwise requires, on a consolidated basis if consolidated statements are prepared in the usual course of business.*

   The annual financial statements of the applicant shall be accompanied by the certificate of an independent public accountant to the effect that the statements present fairly the financial position of the applicant and the results of its operations for the year then ended, in conformity with generally accepted accounting principles or with requirements of insurance or other accounting principles or permitted under law. If the applicant is an insurer which is actively engaged in the business of insurance, the financial statements need not be certified, provided they are based on the Annual Statement of that person filed with the insurance department of the person's domiciliary state and are in accordance with the requirements of insurance or other accounting principles prescribed or permitted under the law and regulations of that state.

C. *If the acquiring person is an individual, the Department may require the filing of Federal income tax returns in lieu of audited financial statements. Any returns filed shall be given confidential treatment and shall not be subject to subpoena and shall not be made public by the Department or any other person.*

D. *File as exhibits copies of all tender offers for, requests or invitations for, tenders of, exchange offers for, and agreements to acquire or exchange any voting securities of*

the insurer and (if distributed) of additional soliciting material relating thereto, any proposed employment, consultation, advisory or management contracts concerning the insurer, annual reports to the stockholders of the insurer and the applicant for the last two fiscal years, and any additional documents or papers required by this chapter.

[AMENDMENT NO. 1 – CHANGES SHOWN IN BOLD ITALICS]

Personal financial statements for the ultimate controlling persons, Brad Huntington and John Williams, are presently on file with the Department. The Applicant requests confidential treatment of those financial statements.

The following is a list of the financial statements and exhibits filed with this statement or under separate cover as set forth below. ***Financial statements and exhibits that were previously filed with the Department are not included with this Amendment.***

Exhibit SPA	Stock Purchase Agreement dated October 17, 2012 by and among Trebuchet, Armour Group, Seller and Seller Parent. ***Previously filed.***
Exhibit SPA-A1	Amendment No. 1 to Stock Purchase Agreement. ***Previously filed.***
Exhibit SPA-A3	***Amendment No. 3 to Stock Purchase Agreement. Note - A second amendment to Stock Purchase Agreement was submitted by the Applicant to the Department by letter dated October 29, 2013.***
Exhibit Forecast	***June 30, 2014 balance sheet and five-year financial projection for each of the Acquired Companies and the OBIC Subsidiaries.***
Exhibit SCH	Schedules to the SPA. *The Applicant is requesting confidential treatment with respect to this information and will be filing it under separate cover.* ***Previously filed; the Applicant has previously advised the Department that it is no longer requesting confidential treatment with respect to certain schedules to the SPA.***
Exhibit EXS	Exhibits to the SPA. *The Applicant is requesting confidential treatment with respect to this information and will be filing it under separate cover.* ***Previously filed; the Applicant has previously advised the Department that it is no longer requesting confidential treatment with respect to certain exhibits to the SPA.***
Exhibit RESTRUCTURE	OneBeacon Group Restructuring. ***Previously filed.***

Exhibit ORG-1	Current organizational chart of the Applicant. ***Previously filed.***
Exhibit ORG-2	Pro forma organizational chart of the Applicant following the Acquisition. ***Previously filed.***
Exhibit BIO	NAIC Biographical Affidavits of the Directors and Executive Officers of Armour Group. *The Applicant is requesting confidential treatment with respect to this information and will be filing it under separate cover.* ***Previously filed and subsequently redacted versions were made public.***
Exhibit D&O	Current directors and officers of the Applicant. ***Previously filed.***
Exhibit PLAN	Business Plan for Acquired Companies. *The Applicant is requesting confidential treatment with respect to this information and will be filing it under separate cover.* ***Previously filed.***
Exhibit A-2007	Unaudited financial statement of Armour Group for 2007. *The Applicant is requesting confidential treatment with respect to this information and will be filing it under separate cover.* ***Previously filed and subsequently made public.***
Exhibit A-2008	Unaudited financial statement of Armour Group for 2008. *The Applicant is requesting confidential treatment with respect to this information and will be filing it under separate cover.* ***Previously filed and subsequently made public.***
Exhibit A-2009	Unaudited financial statement of Armour Group for 2009. *The Applicant is requesting confidential treatment with respect to this information and will be filing it under separate cover.* ***Previously filed and subsequently made public.***
Exhibit A-2010	Unaudited financial statement of Armour Group for 2010. *The Applicant is requesting confidential treatment with respect to this information and will be filing it under separate cover.* ***Previously filed and subsequently made public.***
Exhibit A-2011	Unaudited financial statement of Armour Group for 2011. *The Applicant is requesting confidential treatment with respect to this information and will be filing it under separate cover.* ***Previously filed and subsequently made public.***
Exhibit E	Form E, Pre-Acquisition Notification Statement of the Potential Competitive Impact of a Proposed Merger or Acquisition. *The Applicant is requesting confidential*

treatment with respect to this information and will be filing it under separate cover. ***Previously filed.***

Item 13. Agreement to Enterprise Risk Requirements

(a) The Applicant agrees to provide the annual enterprise risk report specified in 40 P.S. § 991.1404(k.1) as long as control exists.

(b) The Applicant acknowledges that it and all subsidiaries within its control in the Applicant's insurance holding company system will provide information to the Pennsylvania Commissioner of Insurance upon request as necessary to evaluate enterprise risk to the Acquired PA Companies.

Item 14. Signature and Certification:

SIGNATURE

Pursuant to the requirements of Section 1402 of the act, **Armour Group Holdings Limited** has caused this application to be duly signed on its behalf in the City of Hamilton in the Country of Bermuda on the 19th day of June, 2014.

(SEAL)

ARMOUR GROUP HOLDINGS LIMITED

BY _____
Pauline Richards

Attest: _____

CERTIFICATION

The undersigned deposes and says that she has duly executed the attached application dated June 19, 2014 for and on behalf of **Armour Group Holdings Limited**; that she is the Chief Operating Officer of such company and that she is authorized to execute and file such instrument. Deponent further says that she is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of her knowledge, information and belief.

_____
Pauline Richards

Exhibit SPA – A3

Execution Version

AMENDMENT NO. 3 TO STOCK PURCHASE AGREEMENT

This Amendment No. 3 (this "Amendment"), dated as of June 19, 2014, is made among OneBeacon Insurance Group LLC ("Seller"), Trebuchet US Holdings, Inc. ("Purchaser"), OneBeacon Insurance Group, Ltd. ("Seller Parent") and Armour Group Holdings Limited ("Purchaser Parent"). Capitalized terms used but not defined in this Amendment have the meanings set forth in the Agreement (as defined below).

W I T N E S S E T H :

WHEREAS, Seller, Purchaser, Seller Parent and Purchaser Parent are parties to that certain Stock Purchase Agreement dated as of October 17, 2012, as amended by amendments dated as of February 1, 2013 and as of October 25, 2013 and as otherwise modified or amended prior to the date hereof (the "Agreement"); and

WHEREAS, the parties desire to amend the Agreement, as set forth in this Amendment, among other things, in order to (i) modify the parties' obligations with respect to the contribution of Additional Required Capital and replace the forms of Surplus Notes, (ii) extend the Termination Date and (iii) replace the forms of Retained Business Reinsurance Agreement and Run-Off Business Reinsurance Agreement.

NOW, THEREFORE, in consideration of the premises herein contained, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendment to Section 5.19 Re: Contribution of Additional Required Capital. Section 5.19 of the Agreement is hereby amended, by deleting such Section in its entirety and replacing it with the following:

"Section 5.19 Additional Required Capital. In the event that the Pennsylvania Department requires that capital contributions be made into OneBeacon Insurance (either by virtue of a requirement to increase reserves or a requirement to increase surplus, or both), such that the aggregate amount of Cash Equivalents and Investment Assets of OneBeacon Insurance, on a consolidated basis with its Subsidiaries, after giving effect to such capital contributions, shall exceed, as of the Closing, the aggregate amount of Cash Equivalents and Investment Assets of OneBeacon Insurance, on a consolidated basis with its Subsidiaries, contemplated by the Estimated Closing Date Balance Sheet (such excess amount referred to herein as the "Required Additional Capital Amount"), then the provisions of this Section 5.19 shall apply. Seller shall contribute to OneBeacon Insurance (i) an amount of Cash Equivalents (the "Seller Pari Passu Amount") equal to the lesser of (x) fifty percent (50%) of the Required Additional Capital Amount or (y) the Pre-Closing Seller Contribution; and (ii) if the Required Additional Capital Amount exceeds two times the Seller Pari Passu Amount, an amount of Cash Equivalents of such excess, up to a maximum of $36.65 million (the "Seller Priority Amount"). In consideration of each amount, if any, contributed by Seller pursuant to this Section 5.19, OneBeacon Insurance will issue a surplus note to Seller, which surplus note(s) shall be substantially in the applicable form attached hereto as Exhibit 8 (each, a "Surplus Note"). The Surplus Note, if any, issued in

consideration of the Seller Pari Passu Amount (the "Seller Pari Passu Note"), will be subordinated to the Surplus Note, if any, issued in consideration of the Seller Priority Amount (the "Seller Priority Note")."

2. Amendment to Section 8.1(d) Re: Extended Termination Date. Section 8.1(d) of the Agreement is hereby amended, by deleting "July 31, 2014" therein and replacing such date with "December 31, 2014."

3. Amendment to Exhibit 8. The forms of Surplus Notes attached to the Agreement as Exhibit 8 thereto are hereby deleted in their entirety and replaced with the forms of Surplus Notes attached as Exhibit A to this Amendment.

4. Amendment to Exhibits 3 and 6. The forms of Retained Business Reinsurance Agreement and Run-Off Business Reinsurance Agreement attached respectively to the Agreement as Exhibits 3 and 6 thereto are hereby deleted in their entirety and replaced with the forms of Retained Business Reinsurance Agreement and Run-Off Business Reinsurance Agreement attached as Exhibit B to this Amendment.

5. Misreferences to Run-Off Business Reinsurance Agreement. The reference to "Run-Off Reinsurance Agreement" in the list of Exhibits to the Agreement and the cover page of Exhibit 6 to the Agreement is hereby deleted and replaced with "Run-Off Business Reinsurance Agreement."

6. Surplus Relief from Reinsurance. Subject to any required approval of applicable Governmental Authorities, Purchaser may elect to cause OneBeacon Insurance to prepay all or any portion of the Surplus Notes in accordance with the terms thereof in connection with OneBeacon Insurance entering into one or more reinsurance agreements to provide surplus relief to replace some or all of surplus represented by the Surplus Notes.

7. Ratification. The Agreement, as amended hereby, is hereby ratified, approved and confirmed in all respects.

8. Counterparts. This Amendment may be executed in one or more counterparts, each of which will be deemed to constitute an original, but all of which shall constitute one and the same agreement, and may be delivered by facsimile or other electronic means intended to preserve the original graphic or pictorial appearance of a document.

9. Governing Law. This Amendment and its enforcement will be governed by, and interpreted in accordance with, the laws of the State of New York applicable to agreements made and to be performed entirely within such state without regard to the conflicts of law provisions thereof.

10. Submission to Jurisdiction. Each party to this Amendment hereby submits to the exclusive jurisdiction of (a) the United States District Court for the Southern District of New York sitting in the Borough of Manhattan or (b) if such court does not have jurisdiction, any state court located in the Borough of Manhattan, including in the case of subclauses (a) and (b) above,

any appellate courts therefrom (the "New York Courts") for any dispute arising out of or relating to this Amendment or the breach, termination or validity hereof or any transactions contemplated by this Amendment. Each party to this Amendment hereby irrevocably and unconditionally waives, to the fullest extent permitted by Law, any objection that it may now or hereafter have to the laying of the venue of any such proceedings brought in such court. Each of the parties hereto irrevocably and unconditionally waives and agrees not to plead or claim in any such court (i) that it is not personally subject to the jurisdiction of the New York Courts for any reason other than the failure to serve process in accordance with applicable Law, (ii) that it or its property is exempt or immune from jurisdiction of the New York Courts or from any legal process commenced in the New York Courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and (iii) to the fullest extent permitted by applicable Law that (A) the suit, action or proceeding in the New York Courts is brought in an inconvenient forum, (B) the venue of such suit, action or proceeding is improper and (C) this Amendment, or the subject matter hereof, may not be enforced in or by the New York Courts.

11. WAIVER OF JURY TRIAL. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AMENDMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY FOR ANY DISPUTE ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE BREACH, TERMINATION OR VALIDITY HEREOF OR ANY TRANSACTIONS CONTEMPLATED BY THIS AMENDMENT. EACH PARTY HERETO CERTIFIES AND ACKNOWLEDGES THAT (A) NEITHER THE OTHER PARTY HERETO NOR ITS REPRESENTATIVES, AGENTS OR ATTORNEYS HAVE REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH PARTY HERETO UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH PARTY HERETO MAKES THIS WAIVER VOLUNTARILY AND (D) EACH PARTY HERETO HAS BEEN INDUCED TO ENTER INTO THIS AMENDMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS OF THIS SECTION 11. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AMENDMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment as of the day and year first above written.

ONEBEACON INSURANCE GROUP LLC

By: _____
Name: Paul H. McDonough
Title: Senior Vice President and Chief Financial Officer

TREBUCHET US HOLDINGS, INC.

By: _____
Name: Pauline Richards
Title: Chief Operating Officer

ONEBEACON INSURANCE GROUP, LTD.

By: _____
Name: Paul H. McDonough
Title: Senior Vice President and Chief Financial Officer

ARMOUR GROUP HOLDINGS LIMITED

By: _____
Name: Pauline Richards
Title: Chief Operating Officer

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment as of the day and year first above written.

ONEBEACON INSURANCE GROUP LLC

By: _____
Name:
Title:

TREBUCHET US HOLDINGS, INC.

By: _____
Name: PAULINE RICHARDS
Title: TREASURER / SECRETARY

ONEBEACON INSURANCE GROUP, LTD.

By: _____
Name:
Title:

ARMOUR GROUP HOLDINGS LIMITED

By: _____
Name: PAULINE RICHARDS
Title: CHIEF OPERATING OFFICER

Exhibit A

Forms of Surplus Notes

[Please see attached]

EXHIBIT 8 – PART 1
FORM OF SELLER PRIORITY NOTE

No. ____ $ _____

ONEBEACON INSURANCE COMPANY

Surplus Note [due [•]][1]

ONEBEACON INSURANCE COMPANY, a property and casualty insurance company organized under the laws of the Commonwealth of Pennsylvania ("OneBeacon"), for value received, hereby promises to pay, subject to the Payment Restrictions (as defined below), to [•] or its registered assigns, the principal sum of $[•], [on [•]], and to pay interest thereon, subject to the Payment Restrictions (as defined below), from [•] or from the most recent Scheduled Interest Payment Date (as defined below) for which interest has been paid or duly provided for, semi-annually in arrears on March 15 and August 31 in each year and on the date on which this Note matures, commencing [•] (each, a "Scheduled Interest Payment Date"), at the applicable Stated Rate, until the principal hereof is paid or duly provided for. The payment by OneBeacon of principal and interest on this Note shall be conditioned upon the payment restrictions set forth in paragraph 2 of this Note (the "Payment Restrictions"). Interest on this Note shall be calculated on the basis of a 360-day year of twelve months of 30 days each.

1. Payment. Payments of principal of this Note shall be made only against surrender of this Note; provided, that in the case of payment of only a portion of principal, OneBeacon shall execute a new Note in principal amount equal to and in exchange for the remaining portion of the principal of the Note so surrendered. Payments of interest on this Note will be made, in accordance with the foregoing and subject to applicable laws and regulations, (i) by wire transfer of immediately available funds to an account maintained by the person entitled thereto with a bank if such registered holder gives notice to OneBeacon, not less than 15 days (or such fewer days as OneBeacon may accept at its discretion) prior to the applicable scheduled payment date or maturity date hereof, of the payee's account to which payment is to be made or, (ii) if no such notice is given, by mailing a check on or before the scheduled payment date of such payment to the person entitled thereto at such person's address as provided to OneBeacon. Unless the designation of the payee's account to which payment is to be made is revoked, any such designation made by such holder with respect to this Note of the payee's account to which payment is to be made shall remain in effect with respect to any future payments with respect to this Note payable to such holder. In any case where the scheduled payment date or maturity date of this Note shall be at any place of payment a day on which banking institutions are not carrying out transactions in U.S. dollars or are authorized or obligated by law or executive order to close, then payment of principal or

[1] **Note to Draft:** Scheduled maturity date to be 5 years following closing.

interest need not be made on such date at such place but may be made on the next succeeding day at such place which is not a day on which banking institutions in the applicable jurisdiction are not carrying out transactions in U.S. dollars or are authorized or obligated by law or executive order to close (a "Business Day"), with the same force and effect as if made on the scheduled payment date or maturity date thereof, and no interest shall accrue on the amount of such payment for the period after such date, if such payment is so made.

The "Stated Rate" shall be equal to:

(i) for each Scheduled Interest Payment Date occurring on or prior to [March 15][August 31], [•][2], a per annum rate equal to [•]%[3];

(ii) for each Scheduled Interest Payment Date occurring after [March 15][August 31], [•][4] but on or prior to [March 15][August 31], [•][5], a per annum rate equal to the sum of (A) (*i*) [•]%[6], *less* (*ii*) [•]%[7], *plus* (*iii*) 1.0% (such amount, the "Base Rate"), *plus* (B) Three-Month LIBOR; and

(iii) for each Scheduled Interest Payment Date occurring after [March 15][August 31], [•][8], a per annum rate equal to the sum of (A) the Base Rate, *plus* (B) (*i*) 0.50%, *multiplied by* (*ii*) the number of consecutive five-year periods (including any partial five-year period) occurring from [March 15][August 31], [•][9] to and including such Scheduled Interest Payment Date, *plus* (C) Three-Month LIBOR.

"Three-Month LIBOR" shall be equal to three-month LIBOR as reported

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[2] **Note to Draft:** First Scheduled Interest Payment Date occurring after the fifth anniversary of the Closing.

[3] **Note to Draft:** Equal to (x) 4.35% plus (y) the 5-year U.S. treasury rate as reported in the Eastern Edition of the Wall Street Journal two Business Days prior to the Closing.

[4] **Note to Draft:** See footnote 2.

[5] **Note to Draft:** First Scheduled Interest Payment Date occurring after the tenth anniversary of the Closing.

[6] **Note to Draft:** Rate set forth in clause (i).

[7] **Note to Draft:** Equal to the 5-year swap rate as reported in [the Eastern Edition of the Wall Street Journal two Business Days prior to the Closing].

[8] **Note to Draft:** See footnote 5.

[9] **Note to Draft:** See footnote 5.

in the Eastern Edition of the Wall Street Journal two Business Days prior to the applicable Scheduled Interest Payment Date.

2. Payment Restrictions. Notwithstanding anything to the contrary set forth herein, any repayment of principal of or payment of interest on the Notes may be made only with the prior approval of the Insurance Commissioner of the Commonwealth of Pennsylvania (the "Commissioner"). If the Commissioner does not approve the making of any payment or prepayment of principal of or interest on this Note on the scheduled payment date, prepayment date or maturity date thereof, as specified herein, the scheduled payment date, prepayment date or maturity date, as the case may be, shall be extended and such payment, together with interest accrued with respect thereto as contemplated by the following two sentences, shall be made by OneBeacon on the next following Business Day on which OneBeacon shall have the approval of the Commissioner to make such payment together with such interest. Unless approved by the Commissioner, any repayment of interest will only be made out of unassigned surplus. Interest will continue to accrue on any such unpaid principal through the actual date of payment at the Stated Rate. No interest will accrue on any interest with respect to which the scheduled payment date has been extended, during the period of such extension.

3. Optional Redemption; Prepayment. Subject to the prior approval of the Commissioner and the satisfaction of the other Payment Restrictions, OneBeacon may redeem the Notes in whole or in part at any time or from time to time at a redemption price equal to 100% of the aggregate principal amount plus any accrued and unpaid interest (calculated pursuant to the terms of the Notes) to be redeemed. In addition, subject to the prior approval of the Commissioner and the satisfaction of the other Payment Restrictions, OneBeacon shall redeem this Note in whole or in part on March 15 of each year in an amount, if any, such that, following such prepayment, OneBeacon's "total adjusted capital" (as such term is defined in, and calculated pursuant to, the risk-based capital instructions permitted or prescribed by the insurance laws of the Commonwealth of Pennsylvania) is equal to the product of 2.0 (or such other factor established by the Commissioner) and OneBeacon's "authorized control level RBC" (as such term is defined in, and calculated pursuant to, the risk-based capital instructions permitted or prescribed by the insurance laws of the Commonwealth of Pennsylvania).

4. Subordination. The principal of and interest on this Note shall not be a liability or claim against OneBeacon, or any of its assets, except as provided in Section 322.2 of The Insurance Company Law of 1921, as amended, of the Commonwealth of Pennsylvania (the "Insurance Law"). This Note is subordinated to all other liabilities of OneBeacon, except for any surplus notes the terms of which expressly state that they are subordinated to this Note.

5. Covenants. For so long as this Note remains outstanding or any amount remains unpaid on this Note:

(a) OneBeacon shall use commercially reasonable efforts to obtain the approval of the Commissioner in accordance with Section 322.2 of the Insurance Law for

the payment by OneBeacon of interest on and principal of this Note on the scheduled payment dates, prepayment date or maturity dates thereof, and, in the event any such approval has not been obtained for any such payment or prepayment at or prior to the scheduled payment date, prepayment date or maturity date, as the case may be, to continue to use best efforts to obtain such approval promptly thereafter. Not less than 45 days prior to the scheduled payment date, prepayment date or maturity date (excluding any such maturity date which arises as a result of the obtaining of an order or the granting of approval for the rehabilitation, liquidation, conservation or dissolution of OneBeacon), OneBeacon will seek the approval of the Commissioner to make each payment or prepayment of interest on and principal of this Note. In addition, OneBeacon shall notify in writing the holder of this Note no later than five Business Days prior to the scheduled payment date for interest, date for the prepayment of principal or the maturity date for principal in the event that the Commissioner has not then approved the making of any such payment on such scheduled payment date, prepayment date or such maturity date, and thereafter, if such payment or prepayment has been approved by the Commissioner, shall promptly notify in writing the holder of this Note of such approval.

(b) Until the full principal amount of this Note and any interest incurred thereon has been paid to the holder hereof, OneBeacon shall not, without the prior written consent of the holder of this Note:

(i) make any dividend or distribution to holders of its equity interests or purchase or retire any of its equity interests;

(ii) create, assume, incur or have outstanding any indebtedness (including purchase money indebtedness), or become liable, whether as endorser, guarantor, surety or otherwise, for any debt or obligation of any other person;

(iii) cease operations, liquidate, merge, transfer, acquire or consolidate with any entity, or dissolve or transfer or sell assets outside of the ordinary course of business;

(iv) amend its charter or bylaws in a manner that would adversely affect its corporate existence, material rights (charter and statutory) or material franchises; or

(v) write, assume or acquire any new business (including through any reinsurance or under existing treaties) other than pursuant to the fronting requirements set forth in Section 5.23 of that certain Stock Purchase Agreement between OneBeacon Insurance Group LLC, Trebuchet US Holdings, Inc. and the other parties thereto, dated October 17, 2012, as amended from time to time.

6. Remedies. A holder of this Note may enforce this Note only in the manner set forth below.

(a) In the event that any state or federal agency shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of OneBeacon, this Note will upon the obtaining of such order or the granting of such

approval immediately mature in full without any action on the part of the holder of this Note, with payment thereon being subject to the Payment Restrictions, and any restrictions imposed as a consequence of, or pursuant to, such proceedings. Notwithstanding any other provision of this Note, in no event shall any holder of this Note be entitled to declare this Note to immediately mature or otherwise be immediately payable.

(b) In the event that the Commissioner approves a payment of any interest on or principal of, or any redemption payment with respect to, this Note, in whole or in part, and OneBeacon fails to pay the full amount of such approved payment on the date such amount is scheduled to be paid, such approved amount will be immediately payable on such date without any action on the part of the holder of this Note. In the event that OneBeacon fails to perform any of its other obligations hereunder, the holder of this Note may pursue any available remedy to enforce the performance of any provision of this Note; provided, however, that such remedy shall in no event include the right to declare this Note immediately payable, and shall in no circumstances be inconsistent with the provisions of applicable law or the Payment Restrictions. A delay or omission by the holder of this Note in exercising any right or remedy accruing as a result of OneBeacon's failure to perform its obligations hereunder and the continuation thereof shall not impair such right or remedy or constitute a waiver of or acquiescence in such non-performance by OneBeacon. To the extent permitted by law, no remedy is exclusive of any other remedy and all remedies are cumulative.

(c) Notwithstanding any other provision of this Note, but subject to the laws and regulations of Pennsylvania, the right of any holder of this Note to receive payment of the principal of and interest on this Note on or after the respective scheduled payment date or maturity date, or to bring suit for the enforcement of any such payment on or after such respective scheduled payment date or maturity date, in each case subject to the Payment Restrictions, is absolute and unconditional and shall not be impaired or affected without the consent of the holder.

7. Entire Agreement; Amendments. This Note represents the entire agreement between the parties with respect to the subject matter hereof. No modification of this Note is effective and no other agreement may modify or supersede the terms of this Note, whether existing on the date of this Note or subsequently entered into, unless the modification or agreement is approved in writing by each of the Commissioner, OneBeacon and the holder of this Note.

8. Governing Law. This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to the conflicts of laws principles of such State.

9. Severability. In case any provision in this Note, other than the Payment Restrictions, shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

10. Notices. All notices, requests, claims, demands or other communications under this Note shall be deemed to have been duly given and made if in writing and (a) at the time personally delivered if served by personal delivery upon the party for whom it is intended, (b) at the time received if delivered by registered or certified mail (postage prepaid, return receipt requested) or by a national courier service (delivery of which is confirmed), or (c) upon confirmation if sent by facsimile; in each case to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person:

to [•]:

[OneBeacon Insurance Group LLC
601 Carlson Parkway
Minnetonka, MN 55305
Telephone: (952) 852-6731
(952) 852-6024
Facsimile: (888) 353-6247
(888) 862-8724
Attention: Maureen A. Phillips
Senior Vice President and General Counsel]

to the Company:

[Armour Group Holdings Limited
Bermuda Commercial Bank Building
3rd Floor, 19 Par-La-Ville Road
Hamilton HM 11
P.O. Box HM 66
Hamilton HM AX
Bermuda
Telephone: +1 (441) 292-9774
Attention: Pauline Richards]

11. Assignment. This Note may be assigned by [•], in whole or in part, at any time, subject to all the terms and conditions of this Note and specifically paragraph 2. [•] and the Company shall provide the Commissioner with written notice at least thirty (30) days prior to the intended date of the assignment. This Note shall be canceled upon assignment, whether in whole or in part. Concurrently with such cancellation, the Company shall issue new surplus notes in the amount of the outstanding principal balance (a) if cancelled in whole, to the assignee, and (b) if cancelled in part, allocated to each of the assignor and the assignee to reflect such partial assignment, and such new surplus notes shall contain the same terms as contained in this Note, as approved by the Commissioner.

12. No Third Party Beneficiaries. Nothing in this Note, expressed or implied, shall give or be construed to give any person, firm, corporation or other entity;

other than the Company and [•] any legal or equitable right, remedy or claim under or in respect to this Note or under any covenant, condition or provision contained herein.

13. Securities Act Compliance. [•], in consideration of the issuance hereof, represents and warrants that it has been furnished with information sufficient to make an informed decision to make the advance represented by this Note. [•], by acceptance of this Note, acknowledges that this Note has been acquired in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, and that the Company is relying, to the extent applicable, upon such representations and warranties.

14. Successors and Assigns. The covenants, stipulations, promises and agreements contained in this Note shall bind and inure to the benefit of, and shall be enforceable by the Company and [•], and their respective successors and assigns.

[Signature page follows]

IN WITNESS WHEREOF, ONEBEACON INSURANCE COMPANY has caused this Note to be signed by its duly authorized officer and its corporate seal to be affixed hereto or imprinted hereon.

ONEBEACON INSURANCE COMPANY

By: _____
Name:
Title:

Dated:

EXHIBIT 8 – PART 2
FORM OF SELLER PARI PASSU NOTE

No. ____ $ _____

ONEBEACON INSURANCE COMPANY

Surplus Note [due [•]][1]

ONEBEACON INSURANCE COMPANY, a property and casualty insurance company organized under the laws of the Commonwealth of Pennsylvania ("OneBeacon"), for value received, hereby promises to pay, subject to the Payment Restrictions (as defined below), to [•] or its registered assigns, the principal sum of $[•], [on [•]], and to pay interest thereon, subject to the Payment Restrictions (as defined below), from [•] or from the most recent Scheduled Interest Payment Date (as defined below) for which interest has been paid or duly provided for, semi-annually in arrears on March 15 and August 31 in each year and on the date on which this Note matures, commencing [•] (each, a "Scheduled Interest Payment Date"), at the applicable Stated Rate, until the principal hereof is paid or duly provided for. The payment by OneBeacon of principal and interest on this Note shall be conditioned upon the payment restrictions set forth in paragraph 2 of this Note (the "Payment Restrictions"). Interest on this Note shall be calculated on the basis of a 360-day year of twelve months of 30 days each.

1. Payment. Payments of principal of this Note shall be made only against surrender of this Note; provided, that in the case of payment of only a portion of principal, OneBeacon shall execute a new Note in principal amount equal to and in exchange for the remaining portion of the principal of the Note so surrendered. Payments of interest on this Note will be made, in accordance with the foregoing and subject to applicable laws and regulations, (i) by wire transfer of immediately available funds to an account maintained by the person entitled thereto with a bank if such registered holder gives notice to OneBeacon, not less than 15 days (or such fewer days as OneBeacon may accept at its discretion) prior to the applicable scheduled payment date or maturity date hereof, of the payee's account to which payment is to be made or, (ii) if no such notice is given, by mailing a check on or before the scheduled payment date of such payment to the person entitled thereto at such person's address as provided to OneBeacon. Unless the designation of the payee's account to which payment is to be made is revoked, any such designation made by such holder with respect to this Note of the payee's account to which payment is to be made shall remain in effect with respect to any future payments with respect to this Note payable to such holder. In any case where the scheduled payment date or maturity date of this Note shall be at any place of payment a day on which banking institutions are not carrying out transactions in U.S. dollars or are

[1] **Note to Draft:** Scheduled maturity date to be 5 years following closing.

authorized or obligated by law or executive order to close, then payment of principal or interest need not be made on such date at such place but may be made on the next succeeding day at such place which is not a day on which banking institutions in the applicable jurisdiction are not carrying out transactions in U.S. dollars or are authorized or obligated by law or executive order to close (a "Business Day"), with the same force and effect as if made on the scheduled payment date or maturity date thereof, and no interest shall accrue on the amount of such payment for the period after such date, if such payment is so made.

The "Stated Rate" shall be equal to:

(i) for each Scheduled Interest Payment Date occurring on or prior to [March 15][August 31], [•][2], a per annum rate equal to [•]%[3];

(ii) for each Scheduled Interest Payment Date occurring after [March 15][August 31], [•][4] but on or prior to [March 15][August 31], [•][5], a per annum rate equal to the sum of (A) (*i*) [•]%[6], *less* (*ii*) [•]%[7], *plus* (*iii*) 1.0% (such amount, the "Base Rate"), *plus* (B) Three-Month LIBOR; and

(iii) for each Scheduled Interest Payment Date occurring after [March 15][August 31], [•][8], a per annum rate equal to the sum of (A) the Base Rate, *plus* (B) (*i*) 0.50%, *multiplied by* (*ii*) the number of consecutive five-year periods (including any partial five-year period) occurring from [March 15][August 31], [•][9] to and including such Scheduled Interest Payment Date, *plus* (C) Three-Month LIBOR.

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[2] **Note to Draft:** First Scheduled Interest Payment Date occurring after the fifth anniversary of the Closing.

[3] **Note to Draft:** Equal to (x) 4.35% plus (y) the 5-year U.S. treasury rate as reported in the Eastern Edition of the Wall Street Journal two Business Days prior to the Closing.

[4] **Note to Draft**: See footnote 2.

[5] **Note to Draft:** First Scheduled Interest Payment Date occurring after the tenth anniversary of the Closing.

[6] **Note to Draft:** Rate set forth in clause (i).

[7] **Note to Draft:** Equal to the 5-year swap rate as reported in [the Eastern Edition of the Wall Street Journal two Business Days prior to the Closing].

[8] **Note to Draft:** See footnote 5.

[9] **Note to Draft:** See footnote 5.

"Three-Month LIBOR" shall be equal to three-month LIBOR as reported in the Eastern Edition of the Wall Street Journal two Business Days prior to the applicable Scheduled Interest Payment Date.

2. Payment Restrictions. Notwithstanding anything to the contrary set forth herein, any repayment of principal of or payment of interest on the Notes may be made only with the prior approval of the Insurance Commissioner of the Commonwealth of Pennsylvania (the "Commissioner"). If the Commissioner does not approve the making of any payment or prepayment of principal of or interest on this Note on the scheduled payment date, prepayment date or maturity date thereof, as specified herein, the scheduled payment date, prepayment date or maturity date, as the case may be, shall be extended and such payment, together with interest accrued with respect thereto as contemplated by the following two sentences, shall be made by OneBeacon on the next following Business Day on which OneBeacon shall have the approval of the Commissioner to make such payment together with such interest. Unless approved by the Commissioner, any repayment of interest will only be made out of unassigned surplus. Interest will continue to accrue on any such unpaid principal through the actual date of payment at the Stated Rate. No interest will accrue on any interest with respect to which the scheduled payment date has been extended, during the period of such extension.

3. Optional Redemption; Prepayment. Subject to the prior approval of the Commissioner and the satisfaction of the other Payment Restrictions, OneBeacon may redeem the Notes in whole or in part at any time or from time to time at a redemption price equal to 100% of the aggregate principal amount plus any accrued and unpaid interest (calculated pursuant to the terms of the Notes) to be redeemed. In addition, subject to the prior approval of the Commissioner and the satisfaction of the other Payment Restrictions, OneBeacon shall redeem this Note in whole or in part (x) on March 15 of each year in an amount, if any, such that, following such prepayment and any concurrent dividend or distribution pursuant to paragraph 5(b)(i), OneBeacon's "total adjusted capital" (as such term is defined in, and calculated pursuant to, the risk-based capital instructions permitted or prescribed by the insurance laws of the Commonwealth of Pennsylvania) is equal to the product of 2.0 (or such other factor established by the Commissioner) and OneBeacon's "authorized control level RBC" (as such term is defined in, and calculated pursuant to, the risk-based capital instructions permitted or prescribed by the insurance laws of the Commonwealth of Pennsylvania) or (y) as contemplated by paragraph 5(b)(i).

4. Subordination. The principal of and interest on this Note shall not be a liability or claim against OneBeacon, or any of its assets, except as provided in Section 322.2 of The Insurance Company Law of 1921, as amended, of the Commonwealth of Pennsylvania (the "Insurance Law"). This Note is subordinated to (x) all other liabilities of OneBeacon and (y) that certain surplus note of OneBeacon issued to the initial holder of this Note concurrently with this Note in the principal amount of $[•].

5. Covenants. For so long as this Note remains outstanding or any amount remains unpaid on this Note:

(a) OneBeacon shall use commercially reasonable efforts to obtain the approval of the Commissioner in accordance with Section 322.2 of the Insurance Law for the payment by OneBeacon of interest on and principal of this Note on the scheduled payment dates, prepayment date or maturity dates thereof, and, in the event any such approval has not been obtained for any such payment or prepayment at or prior to the scheduled payment date, prepayment date or maturity date, as the case may be, to continue to use best efforts to obtain such approval promptly thereafter. Not less than 45 days prior to the scheduled payment date, prepayment date or maturity date (excluding any such maturity date which arises as a result of the obtaining of an order or the granting of approval for the rehabilitation, liquidation, conservation or dissolution of OneBeacon), OneBeacon will seek the approval of the Commissioner to make each payment or prepayment of interest on and principal of this Note. In addition, OneBeacon shall notify in writing the holder of this Note no later than five Business Days prior to the scheduled payment date for interest, date for the prepayment of principal or the maturity date for principal in the event that the Commissioner has not then approved the making of any such payment on such scheduled payment date, prepayment date or such maturity date, and thereafter, if such payment or prepayment has been approved by the Commissioner, shall promptly notify in writing the holder of this Note of such approval.

(b) Until the full principal amount of this Note and any interest incurred thereon has been paid to the holder hereof, OneBeacon shall not, without the prior written consent of the holder of this Note:

(i) make any dividend or distribution to holders of its equity interests or purchase or retire any of its equity interests, unless, concurrently with such dividend or distribution payment, the principal amount of this Note shall be prepaid by an amount equal to the amount of such dividend or distribution payment;

(ii) create, assume, incur or have outstanding any indebtedness (including purchase money indebtedness), or become liable, whether as endorser, guarantor, surety or otherwise, for any debt or obligation of any other person;

(iii) cease operations, liquidate, merge, transfer, acquire or consolidate with any entity, or dissolve or transfer or sell assets outside of the ordinary course of business;

(iv) amend its charter or bylaws in a manner that would adversely affect its corporate existence, material rights (charter and statutory) or material franchises; or

(v) write, assume or acquire any new business (including through any reinsurance or under existing treaties) other than pursuant to the fronting requirements set forth in Section 5.23 of that certain Stock Purchase Agreement between OneBeacon Insurance Group LLC, Trebuchet US Holdings, Inc. and the other parties thereto, dated October 17, 2012, as amended from time to time.

6. Remedies. A holder of this Note may enforce this Note only in the manner set forth below.

(a) In the event that any state or federal agency shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of OneBeacon, this Note will upon the obtaining of such order or the granting of such approval immediately mature in full without any action on the part of the holder of this Note, with payment thereon being subject to the Payment Restrictions, and any restrictions imposed as a consequence of, or pursuant to, such proceedings. Notwithstanding any other provision of this Note, in no event shall any holder of this Note be entitled to declare this Note to immediately mature or otherwise be immediately payable.

(b) In the event that the Commissioner approves a payment of any interest on or principal of, or any redemption payment with respect to, this Note, in whole or in part, and OneBeacon fails to pay the full amount of such approved payment on the date such amount is scheduled to be paid, such approved amount will be immediately payable on such date without any action on the part of the holder of this Note. In the event that OneBeacon fails to perform any of its other obligations hereunder, the holder of this Note may pursue any available remedy to enforce the performance of any provision of this Note; provided, however, that such remedy shall in no event include the right to declare this Note immediately payable, and shall in no circumstances be inconsistent with the provisions of applicable law or the Payment Restrictions. A delay or omission by the holder of this Note in exercising any right or remedy accruing as a result of OneBeacon's failure to perform its obligations hereunder and the continuation thereof shall not impair such right or remedy or constitute a waiver of or acquiescence in such non-performance by OneBeacon. To the extent permitted by law, no remedy is exclusive of any other remedy and all remedies are cumulative.

(c) Notwithstanding any other provision of this Note, but subject to the laws and regulations of Pennsylvania, the right of any holder of this Note to receive payment of the principal of and interest on this Note on or after the respective scheduled payment date or maturity date, or to bring suit for the enforcement of any such payment on or after such respective scheduled payment date or maturity date, in each case subject to the Payment Restrictions, is absolute and unconditional and shall not be impaired or affected without the consent of the holder.

7. Entire Agreement; Amendments. This Note represents the entire agreement between the parties with respect to the subject matter hereof. No modification of this Note is effective and no other agreement may modify or supersede the terms of this Note, whether existing on the date of this Note or subsequently entered into, unless the modification or agreement is approved in writing by each of the Commissioner, OneBeacon and the holder of this Note.

8. Governing Law. This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to the conflicts of laws principles of such State.

9. Severability. In case any provision in this Note, other than the Payment Restrictions, shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

10. Notices. All notices, requests, claims, demands or other communications under this Note shall be deemed to have been duly given and made if in writing and (a) at the time personally delivered if served by personal delivery upon the party for whom it is intended, (b) at the time received if delivered by registered or certified mail (postage prepaid, return receipt requested) or by a national courier service (delivery of which is confirmed), or (c) upon confirmation if sent by facsimile; in each case to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person:

to [•]:

[OneBeacon Insurance Group LLC
601 Carlson Parkway
Minnetonka, MN 55305
Telephone: (952) 852-6731
(952) 852-6024
Facsimile: (888) 353-6247
(888) 862-8724
Attention: Maureen A. Phillips
Senior Vice President and General Counsel]

to the Company:

[Armour Group Holdings Limited
Bermuda Commercial Bank Building
3rd Floor, 19 Par-La-Ville Road
Hamilton HM 11
P.O. Box HM 66
Hamilton HM AX
Bermuda
Telephone: +1 (441) 292-9774
Attention: Pauline Richards]

11. Assignment. This Note may be assigned by [•], in whole or in part, at any time, subject to all the terms and conditions of this Note and specifically paragraph 2. [•] and the Company shall provide the Commissioner with written notice at least thirty (30) days prior to the intended date of the assignment. This Note shall be canceled upon assignment, whether in whole or in part. Concurrently with such cancellation, the Company shall issue new surplus notes in the amount of the outstanding principal balance (a) if cancelled in whole, to the assignee, and (b) if cancelled in part, allocated to each of the assignor and the assignee to reflect such partial assignment, and

such new surplus notes shall contain the same terms as contained in this Note, as approved by the Commissioner.

12. No Third Party Beneficiaries. Nothing in this Note, expressed or implied, shall give or be construed to give any person, firm, corporation or other entity; other than the Company and [•] any legal or equitable right, remedy or claim under or in respect to this Note or under any covenant, condition or provision contained herein.

13. Securities Act Compliance. [•], in consideration of the issuance hereof, represents and warrants that it has been furnished with information sufficient to make an informed decision to make the advance represented by this Note. [•], by acceptance of this Note, acknowledges that this Note has been acquired in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, and that the Company is relying, to the extent applicable, upon such representations and warranties.

14. Successors and Assigns. The covenants, stipulations, promises and agreements contained in this Note shall bind and inure to the benefit of, and shall be enforceable by the Company and [•], and their respective successors and assigns.

[Signature page follows]

IN WITNESS WHEREOF, ONEBEACON INSURANCE COMPANY has caused this Note to be signed by its duly authorized officer and its corporate seal to be affixed hereto or imprinted hereon.

ONEBEACON INSURANCE COMPANY

By: _____
Name:
Title:

Dated:

Exhibit B

Forms of Retained Business Reinsurance Agreement and Run-Off Business Reinsurance Agreement

[Please see attached]

EXHIBIT 3
FORM OF RETAINED BUSINESS REINSURANCE AGREEMENT

AMENDED AND RESTATED
100% QUOTA SHARE REINSURANCE AGREEMENT (Specialty)

THIS AGREEMENT, dated as of [ ], 2014, by and between ONEBEACON INSURANCE COMPANY, a Pennsylvania corporation (the "Company"), having an address at 601 Carlson Parkway, Suite 600, Minnetonka, MN 55305, and [ATLANTIC SPECIALTY INSURANCE COMPANY, a New York corporation (the "Reinsurer")],[1] having an address at [601 Carlson Parkway, Suite 600, Minnetonka, MN 55305] (this Agreement"), amends and restates in its entirety that certain 100% Quota Share Reinsurance Agreement (Specialty) dated as of [October 1, 2012] by and between the Company and [the Reinsurer][2] (the "Original Agreement").

RECITALS

This Agreement is being entered into pursuant to Section 2.2 of that certain Stock Purchase Agreement (as amended, the "SPA"), dated October 17, 2012, by and among OneBeacon Insurance Group LLC, Trebuchet US Holdings, Inc., and OneBeacon Insurance Group, Ltd. and Armour Group Holdings Limited (both for the limited purposes set forth in the SPA).

WITNESSETH:

In consideration of the mutual covenants contained herein, the Reinsurer hereby reinsures the Company to the extent and on the terms and conditions hereinafter set forth.

1. (a) "Actual Damages" means those amounts awarded to compensate for the actual damages sustained, and not awarded as a penalty, nor fixed in amount by statute;

(b) "Affiliate" means, with respect to any specified person or entity, any other person or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified person or entity, provided, however, that neither White Mountains Insurance Group, Ltd. nor any Affiliate of White Mountains Insurance Group, Ltd. shall be deemed to be an Affiliate of the Reinsurer or any person or entity controlled by the Reinsurer other than OneBeacon Insurance Group, Ltd. and any person or entity controlled by OneBeacon Insurance Group, Ltd. For purposes of this definition, "control" (including the terms "controlled by" and "under common control with") with respect to the relationship between or among two (2) or more

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[1] The Restructuring contemplates that ASIC will be merged into a new Pennsylvania domiciled insurance company, OneBeacon Specialty Insurance Company ("OBSIC"), prior to the Closing Date. In the event that merger (the "ASIC/OBSIC Merger") is effected prior to the Closing Date, the bracketed language will be replaced by "OneBeacon Specialty Insurance Company, a Pennsylvania corporation and the successor-by-merger to Atlantic Specialty Insurance Company, New York corporation (the "Reinsurer")".

[2] If the ASIC/OSBIC Merger is effected prior to the Closing Date, the bracketed language will be replaced with "Atlantic Specialty Insurance Company".

persons or entities, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity whether through the ownership of voting securities, by contract or otherwise;

(c) "ASA" means the Administrative Services Agreement (the "ASA"), dated as of the Closing Date, between the Company and the Reinsurer as the administrator;

(d) "Closing Date" shall have the meaning assigned to such term in the SPA;

(e) "Extracontractual Damages" means any and all costs, expenses, damages, liabilities or obligations of any kind or nature (including without limitation attorneys fees, consequential and incidental damages, Actual Damages, Punitive and Exemplary Damages, and Statutory Penalties) which arise out of, result from or relate to any act or omission, whether or not in bad faith, intentional, willful, negligent, reckless, careless or otherwise, in connection with a Policy or any of the Liabilities, and which are not contractually covered by the express terms and conditions of such Policy;

(f) "Liabilities" means any and all liabilities of the Company with respect to the Policies, including reserves for unearned premiums, losses (both reported and incurred but not reported), Extracontractual Damages, any loss in excess of the limits arising under or covered by a Policy, and Loss Adjustment Expenses (both reported and incurred but not reported), and all outstanding underwriting and other expenses, as evidenced by the books and records of the Company, but shall not include separate company liabilities of a non-underwriting or administrative nature which may arise from time to time, including without limitation inter-company balances, liabilities for Federal income taxes, expenses and taxes related to the ownership of real estate, liabilities incurred in connection with investment transactions, or liabilities for dividends to shareholders; provided, however, that Liabilities shall specifically exclude liabilities related to Runoff Policies and Extracontractual Damages arising from any action of the Company following the Effective Date, unless such action was taken at the direction of or with the consent of the Reinsurer or by the Reinsurer on behalf of the Company.

(g) "Loss Adjustment Expenses" means reasonable and customary out-of-pocket costs and expenses paid by the Company for the investigation, adjustment, litigation (including without limitation reasonable attorneys' fees) and settlement of claims, as distinguished from the amount of a claimant's recovery from the Company in connection with such claimant's Policy, but not including (i) the office expenses of the Company and the salaries and expenses of its employees, or (ii) any costs and expenses paid directly or otherwise covered by the Reinsurer in its capacity as the administrator under the ASA;

(h) "Policy" means a Specialty Lines contract or policy of insurance issued by, or a reinsurance contract under which Specialty Lines business is assumed by, the Company or one of its Affiliates;

(i) "Punitive and Exemplary Damages" means those damages awarded as a penalty, the amount of which is neither governed nor fixed by statute;

(j) "Runoff Business Reinsurance Agreement" has the meaning ascribed to that term in the SPA;

(k) "Runoff Business" has the meaning ascribed to that term in the Runoff Business Reinsurance Agreement;

(l) "Runoff Policies" has the meaning ascribed to the term "Policies" in the Runoff Business Reinsurance Agreement;

(m) "Specialty Lines" means (i) any industry-segmented business or risk, regardless of size, type or class of business or risk, where the market, industry or program is a clearly defined group of insureds with predominately similar risk characteristics and where the policy forms, marketing, underwriting, claims or loss control functions are designed for the unique characteristics of the market, industry or program, reasonably and in good faith characterized by Company, Reinsurer and their Affiliates as specialty business or risk, together with those commercial coverages necessary to write the entire account, and (ii) any other insurance or reinsurance business of the Company other than the Runoff Business pursuant to Runoff Policies; and

(n) "Statutory Penalties" are those amounts awarded as a penalty, but are fixed in amount by statute.

All accounting terms used herein and not otherwise defined shall, where the context reasonably allows, have the same meanings as in the Company's Annual Statements filed with the Pennsylvania Insurance Department.

2. This Agreement shall be effective as of 12:01 a.m. on the Closing Date (the "Effective Date"), and shall apply to all Policies (a) underwritten or assumed by the Company on or after the Effective Date or (b) outstanding as of the Effective Date and to all such risks thereafter underwritten or assumed by the Company during the continuance of this Agreement.

3. The Company hereby cedes and transfers to the Reinsurer, and the Reinsurer hereby reinsures and assumes from the Company, all Liabilities incurred under or in connection with all Policies issued by the Company on or prior to the Effective Date.

4. The Company hereby agrees to cede and transfer to the Reinsurer, and the Reinsurer hereby agrees to reinsure and assume from the Company, automatically from inception, all Liabilities of the Company incurred under or in connection with all Policies issued by it after the Effective Date.

5. As between the Reinsurer and the Company, the Reinsurer shall have the sole benefit of, and any right to collect all reinsurance recoveries under, any third party reinsurance agreements that provide reinsurance specifically and solely for the Policies;

provided, however, that the Reinsurer's liability hereunder shall not be affected by reason of the inability to collect from any third party reinsurer(s), whether specific or general, any amounts that may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise. In the event of any inconsistency between the provisions of this Agreement and the provisions of the SPA with respect to reinsurance with third parties or Shared Reinsurance (as defined in the SPA), the terms of the SPA shall govern.

6. In consideration of the agreements of the Reinsurer herein contained, the Company hereby agrees to assign and transfer to the Reinsurer an amount in cash or other assets equal to the aggregate of the Company's Liabilities assumed by the Reinsurer as of the Effective Date.

7. Administration and Related Matters.

(a) As of the Effective Date, the Company hereby authorizes and empowers the Reinsurer to collect and receive all premiums; to take charge of, adjust and pay all Liabilities with respect to any and all Policies previously or thereafter issued by the Company; to obtain reinsurance (in the Reinsurer's own name and for its own account) with respect to the Policies; and in all respects to act as though said Policies were issued by the Reinsurer. The Company also authorizes and empowers the Reinsurer to perform, and the Reinsurer hereby agrees to perform, on behalf of the Company various services necessary in connection with administration of the Policies, including, without limitation, policy development, marketing, underwriting, policy administration, loss settlement, accounting, maintenance of books and records, and data processing (in each case solely with respect to the Policies and not generally for the Company). Coincident with the exercise by the Reinsurer of the authority granted hereunder either in whole or in part, the Reinsurer agrees to pay, all Liabilities for the Policies and all of the Company's underwriting, administrative and other expenses related to the Specialty Lines business. The provisions of this Section 7 shall be subject to the ASA, and in the event of any conflict between the terms of this Agreement and the ASA, the terms of the ASA shall govern. For the avoidance of doubt, Section 20.10 of the ASA regarding subcontracting shall apply to administrative services to be provided pursuant to the ASA.

(b) Except as directed by the Reinsurer or as performed by the Reinsurer acting on behalf of the Company in the Reinsurer's capacity as the Administrator under the ASA, the Company, on its own initiative, shall not change the terms or conditions of any Policy. If the Liabilities under any of the Policies are changed (A) because of changes made on or after the Effective Date in the terms and conditions of the Policies effected by the Reinsurer acting pursuant to the ASA or (B) by reason of the requirements of any governmental authority or otherwise required by applicable law, the Reinsurer will share proportionately, on a 100% quota share basis, in such changes, and the Company and the Reinsurer will make all appropriate adjustments to amounts due each other under this Agreement. With respect to any change required by reason of the requirement of any governmental authority or otherwise required by applicable law, the Company shall, to the extent practicable, prior to the effectiveness of any such change, promptly notify the Reinsurer of such proposed change and afford the Reinsurer (at the Reinsurer's sole cost

and expense) the opportunity, to the extent practicable, to object to such change under applicable administrative procedures (both formal and informal).

8. The Company hereby sells, transfers and assigns, and the Reinsurer hereby purchases, all right, title and interest of the Company in and to assets relating to the Specialty Lines business, including but not limited to its agents' balances, uncollected premiums, premium notes receivable, amounts due for inspection services and other functions relating to underwriting operations, and any other underwriting assets and fixed assets that may relate to the Policies existing or arising after the Effective Date as mutually agreed by the Company and the Reinsurer.

9. It is agreed that the obligations of either party under this Agreement and the ASA to transfer cash or other assets to the other party may be offset by the reciprocal obligations of the other party so that only net amounts shall be required to be transferred.

10. The conditions of the reinsurance under this Agreement shall in all cases be identical with the conditions of the Policies and their resulting obligations.

11. Except as otherwise required by the context of this Agreement, the amounts of all payments due under this Agreement shall be determined on the basis of the Company's Annual Statements filed with the Pennsylvania Insurance Department.

12. All collections and payments of any kind under this Agreement shall be settled between the parties no later than sixty (60) days following the close of each calendar quarter, in accordance with the ASA.

13. This Agreement shall remain in effect until the natural expiry of all obligations of the Company under the Policies and until all obligations of the Company and the Reinsurer hereunder have been discharged in full.

14. The reinsurance provided by this Agreement shall be payable by the Reinsurer directly to the Company or to its liquidator, receiver or statutory successor on the basis of the liability of the Company under the Policies reinsured without diminution because of the insolvency of the Company. In the event of the insolvency of the Company, the liquidator, receiver or statutory successor of the Company shall give written notice of the pendency of each claim against the Company on a Policy reinsured within a reasonable time after such claim is filed in the insolvency proceeding; and during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense or defenses which it may deem available to the Company, its liquidator, receiver or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to court approval, against the Company as part of the expense of liquidation to the extent of such proportionate share of the benefit as shall accrue to the Company solely as a result of the defense undertaken by the Reinsurer. The reinsurance shall be payable as hereinbefore in this paragraph provided except (a) where the Policy specifically provides another payee of such reinsurance in the event of the insolvency of the Company and (b) where the Reinsurer with the consent of the direct insured or insureds has assumed such

Policy obligations of the Company as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Company to such payees.

15. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by any party hereto without the prior written consent of all other parties hereto. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

16. Any provision of this Agreement may be amended, modified or waived if, and only if, such amendment, modification or waiver is in writing and signed, in the case of an amendment, by the parties hereto, or in the case of a waiver, by the party hereto against whom the waiver is to be effective. No failure or delay by any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

17. This Agreement constitutes the entire agreement between the parties with respect to the business being reinsured hereunder, and there are no understandings between the parties other than as expressed in this Agreement.

18. Credit for Reinsurance. The Reinsurer acknowledges that the Company's ability to obtain full credit on its statutory financial statements for the reinsurance provided by this Agreement is an essential and material part of this transaction, failing which this Agreement will not fulfill its intended purpose. The Reinsurer shall promptly notify the Company of any event or change or condition that is reasonably likely to result in the Reinsurer ceasing to be authorized to engage in the business of insurance or reinsurance in the Company's state of domicile. In the event that Reinsurer ceases to be so authorized, it shall immediately, but in any case within fifteen (15) days after ceasing to be authorized, take such steps as are necessary to (a) restore such license and authority, (b) become accredited as a reinsurer in the Company's state of domicile, or (c) establish a qualified trust fund or provide a letter of credit, in each case, such that the Company shall be able to obtain full credit on its statutory financial statements for the reinsurance provided by this Agreement in the Company's state of domicile.

19. Arbitration. (a) The parties hereto agree to act in all things with the highest good faith. However, in the event the parties hereto cannot mutually resolve a dispute or claim which arises out of, or in connection with this Agreement, the parties hereto agree that the dispute or claim shall be submitted to binding arbitration, regardless of the insolvency, bankruptcy, rehabilitation or liquidation of either party, unless the conservator, receiver, liquidator, or statutory successor is specifically exempted from an arbitration proceeding by applicable state law. Any arbitration shall be based upon the Procedures for the Resolution of U.S. Insurance and Reinsurance Disputes dated September 2009 (the "Procedures") -- Regular Panel Version, and as supplemented or limited by this Section 19. In the event of any conflict between the Procedures and this Section, this Section, and not the Procedures, will control.

(b) Notice. Either party may initiate arbitration by providing written notification to the other party. Such written notice shall contain a brief statement of the issue(s), the failure on behalf of the parties to reach amicable agreement and the date of demand for arbitration. The party to which the notice is sent will respond to the notification in writing, within ten (10) days of its receipt. Any notice provided by either party under this provision shall be given as provided in Section 20.

(c) Panel. The arbitration panel (the "Panel") shall consist of three disinterested arbitrators, one to be appointed by the Company, one to be appointed by the Reinsurer and the third to be appointed by the two party-appointed arbitrators. The third arbitrator shall serve as the umpire, who shall be neutral. The arbitrators and umpire shall be persons who are current or former officers or executives of a property and casualty insurer or reinsurer, other than the parties or their Affiliates or subsidiaries, with more than ten (10) years property and casualty insurance experience. The arbitrators will regard this Agreement from the standpoint of practical business and equitable principles rather than that of strict law.

(d) Procedure.

(i) Within thirty (30) days of the commencement of the arbitration proceeding, each party shall provide the other party with the identification of its party-appointed arbitrator, and his or her address (including telephone, fax and e-mail information), a copy of the arbitrator's curriculum vitae and a completed Procedures Candidate Questionnaire, as provided for in the Procedures. If either party fails to appoint an arbitrator within that thirty (30) day period, the non-defaulting party will appoint an arbitrator to act as the party-appointed arbitrator for the defaulting party. The two party-appointed arbitrators shall seek to reach agreement on an umpire as soon as practical but no later than thirty (30) days after the appointment of the second arbitrator. The party-appointed arbitrators may consult, in confidence, with the party who appointed them concerning the appointment of the umpire.

(ii) Where the two party-appointed arbitrators have failed to reach agreement on an umpire within thirty (30) days, as specified in subsection (i) of this subsection (d), an umpire shall be selected in accordance with Section 6.7 of the Procedures from potential umpires selected by each party from the Certified Umpire List maintained by ARIAS (US). The expense of the appointment of the umpire shall be borne equally by each party to this Agreement.

(iii) The Panel may, in its sole discretion, make orders and directions as it considers to be necessary for the final determination of the matters in dispute. Such orders and directions may be necessary with regard to pleadings, discovery, inspection of documents, examination of witnesses and any other matters relating to the conduct of the arbitration. The Panel will have the widest discretion permissible under the law and practice of the place of arbitration when making such orders or directions.

(iv) The Panel will base their decision on the terms and conditions of this Agreement plus, as necessary, on the customs and practices of the property and casualty insurance and reinsurance industry rather than solely on a strict interpretation of the applicable law; there will be no appeal from their decision, and should either party fail to comply with the decision of the arbitrators, the other party shall have the right to seek and receive the assistance of any court having jurisdiction of the subject matter to enforce the decision of the arbitrators by having the arbitrators' decision reduced to judgment.

(e) Place of Arbitration. The arbitration shall take place in New York, New York and shall commence no later than ninety (90) days after the appointment of the umpire.

(f) Venue. The federal and state courts of the State of New York sitting in New York County shall have exclusive jurisdiction over any and all court proceedings that either party may initiate to compel arbitration or to enforce or confirm an arbitration award, each party hereby submitting to the personal jurisdiction thereof, and the parties agree not to raise the objection that such courts are not a convenient forum.

(g) Arbitration Panel Decision. The decision of the Panel shall be in writing and delivered to the parties promptly following the close of the arbitration proceedings, and shall be final and binding on the parties.

(h) Arbitration Costs. Each party shall bear the expense of its own arbitration, including its arbitrator and outside attorney fees, and jointly and equally bear with the other party the expenses of the umpire. Any remaining costs of the arbitration shall be determined by the Panel, which may take into account the law and practice of the place of arbitration.

20. Notices. All notices, requests, claims, demands or other communications hereunder shall be deemed to have been duly given and made if in writing and (a) at the time personally delivered if served by personal delivery upon the party for whom it is intended, (b) at the time received if delivered by registered or certified mail (postage prepaid, return receipt requested) or by a national courier service (delivery of which is confirmed), or (c) upon confirmation if sent by facsimile; in each case to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person:

to the Reinsurer:

[ ]
[ ]
[ ]
Telephone: [ ]
Facsimile: [ ]
Attention: [ ]

with a copy (which shall not constitute notice to Reinsurer for the purposes of this Section 20) to:

Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606
Telephone: (312) 782-0600
Facsimile: (312) 701-7711
Attention: Edward S. Best

to the Company:

[•]
[•]
[•]
Telephone: [•]
Facsimile: [•]
Attention: [•]

with a copy (which shall not constitute notice to the Company for the purposes of this Section 20) to:

Edwards Wildman Palmer LLP
750 Lexington Avenue
New York, NY 10022
Telephone: (212) 912-2789
Facsimile: (212) 308-4844
Attention: Nick Pearson

21. Governing Law. This Agreement and its enforcement will be governed by, and interpreted in accordance with, the laws of the State of New York applicable to agreements made and to be performed entirely within such state without regard to the conflicts of law provisions thereof.

22. Reports; Access to Records. All reporting for the reinsurance provided under this Agreement and access to records relating thereto shall be provided in accordance with the ASA.

23. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or entity or any circumstance, is found by a court or other governmental authority of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons, entities or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction. If any provision of this Agreement is so

broad as to be unenforceable, the provision shall be interpreted to be only so broad as would be enforceable.

24. Survival. Notwithstanding the provisions of Section 13, Sections 9, 12, 13 through 17 and 19 through 24 shall survive the termination or expiration of this Agreement.

25. Errors and Omissions. Inadvertent delays, errors or omissions made by either the Company or the Reinsurer in connection with this Agreement or any transaction hereunder shall not relieve the other party from any liability which would have attached to such parties had such delay, error or omission not occurred, provided that such error or omission is rectified as soon as possible after discovery, and provided further that the party making such error or omission or is otherwise responsible for such delay shall be responsible for any additional liability which attaches as a result.

26. Counterparts. This Agreement may be executed in any number of counterparts, which may be facsimile or email counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts of this Agreement taken together shall constitute but one and the same instrument.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

ONEBEACON INSURANCE COMPANY

Attest: By_____

_____
Secretary

[ATLANTIC SPECIALTY INSURANCE COMPANY][3]

Attest: By_____

_____
Secretary

[3] If the ASIC/OSBIC Merger is effected prior to the Closing Date, the bracketed language will be replaced by "ONEBEACON SPECIALTY INSURANCE COMPANY".

EXHIBIT 6
FORM OF RUN-OFF BUSINESS REINSURANCE AGREEMENT

AMENDED AND RESTATED
100% QUOTA SHARE REINSURANCE AGREEMENT (Runoff)

THIS AGREEMENT, dated as of [ ], 2014, by and between [ATLANTIC SPECIALTY INSURANCE COMPANY, a New York corporation (the "Company")][1], having an address at 601 Carlson Parkway, Suite 600, Minnetonka, MN 55305, and ONEBEACON INSURANCE COMPANY, a Pennsylvania corporation (the "Reinsurer"), having an address at [601 Carlson Parkway, Suite 600, Minnetonka, MN 55305] (this Agreement"), amends and restates in its entirety that certain 100% Quota Share Reinsurance Agreement (Specialty) dated as of [October 1, 2012] by and between [the Company][2] and the Reinsurer (the "Original Agreement").

RECITALS

This Agreement is being entered into pursuant to Section 2.2 of that certain Stock Purchase Agreement (as amended, the "SPA"), dated October 17, 2012, by and among OneBeacon Insurance Group LLC, Trebuchet US Holdings, Inc., and OneBeacon Insurance Group, Ltd. and Armour Group Holdings Limited (both for the limited purposes set forth in the SPA).

WITNESSETH:

In consideration of the mutual covenants contained herein, the Reinsurer hereby reinsures the Company to the extent and on the terms and conditions hereinafter set forth.

1. (a) "Actual Damages" means those amounts awarded to compensate for the actual damages sustained, and not awarded as a penalty, nor fixed in amount by statute;

(b) "Affiliate" means, with respect to any specified person or entity, any other person or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified person or entity, provided, however, that neither White Mountains Insurance Group, Ltd. nor any Affiliate of White Mountains Insurance Group, Ltd. shall be deemed to be an Affiliate of the Company or any person or entity controlled by the Company other than OneBeacon Insurance Group, Ltd. and any person or entity controlled by OneBeacon Insurance Group, Ltd. For purposes of this definition, "control" (including the terms "controlled by" and "under common control with") with respect to the relationship between or among two (2) or more persons or entities, means the possession, directly or indirectly, of the power to direct or

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[1] The Restructuring contemplates that ASIC will be merged into a new Pennsylvania domiciled insurance company, OneBeacon Specialty Insurance Company ("OBSIC"), prior to the Closing Date. In the event that merger (the "ASIC/OBSIC Merger") is effected prior to the Closing Date, the bracketed language will be replaced by "OneBeacon Specialty Insurance Company, a Pennsylvania corporation and the successor-by-merger to Atlantic Specialty Insurance Company, New York corporation (the "Company")".

[2] If the ASIC/OSBIC Merger is effected prior to the Closing Date, the bracketed language will be replaced with "Atlantic Specialty Insurance Company".

cause the direction of the management and policies of a person or entity whether through the ownership of voting securities, by contract or otherwise;

(c) "ASA" means the Administrative Services Agreement (the "ASA"), dated as of the Closing Date, between the Company and the Reinsurer as the administrator;

(d) "Closing Date" shall have the meaning assigned to such term in the SPA;

(e) "Extracontractual Damages" means any and all costs, expenses, damages, liabilities or obligations of any kind or nature (including without limitation attorneys fees, consequential and incidental damages, Actual Damages, Punitive and Exemplary Damages, and Statutory Penalties) which arise out of, result from or relate to any act or omission, whether or not in bad faith, intentional, willful, negligent, reckless, careless or otherwise, in connection with a Policy or any of the Liabilities, and which are not contractually covered by the express terms and conditions of such Policy;

(f) "Liabilities" means any and all liabilities of the Company with respect to the Policies, including reserves for unearned premiums, losses (both reported and incurred but not reported), Extracontractual Damages (to the extent arising from an act or omission to act of the Reinsurer hereunder or under the ASA on or after the Closing Date), any loss in excess of the limits arising under or covered by a Policy, and Loss Adjustment Expenses (both reported and incurred but not reported), and all outstanding underwriting and other expenses, as evidenced by the books and records of the Company, but shall not include separate company liabilities of a non-underwriting or administrative nature which may arise from time to time, including without limitation inter-company balances, liabilities for Federal income taxes, expenses and taxes related to the ownership of real estate, liabilities incurred in connection with investment transactions, or liabilities for dividends to shareholders; provided, however, that Liabilities shall specifically exclude liabilities related to Specialty Lines business and Extracontractual Damages arising from any action of the Company following the Effective Date, unless such action was taken at the direction of or with the consent of the Reinsurer or by the Reinsurer on behalf of the Company.

(g) "Loss Adjustment Expenses" means reasonable and customary out-of-pocket costs and expenses paid by the Company for the investigation, adjustment, litigation (including without limitation reasonable attorneys' fees) and settlement of claims, as distinguished from the amount of a claimant's recovery from the Company in connection with such claimant's Policy, but not including (i) the office expenses of the Company and the salaries and expenses of its employees, or (ii) any costs and expenses paid directly or otherwise covered by the Reinsurer in its capacity as the administrator under the ASA;

(h) "Policy" means (a) a Runoff Business contract or policy of insurance issued by, or a reinsurance contract under which Runoff Business is assumed by, the Company or one of its Affiliates on or prior to December 31, 2011, which is reflected in the Pro Forma Balance Sheet (as defined in the SPA), and (b) a Runoff Business contract or policy of insurance issued by, or a reinsurance contract under which Runoff Business is

assumed by, the Company or one of its Affiliates following December 31, 2011 but on or prior to the Closing Date that is listed on Schedule I attached hereto;

(i) "Punitive and Exemplary Damages" means those damages awarded as a penalty, the amount of which is neither governed nor fixed by statute;

(j) "Runoff Business" means the business of the Company identified as run-off business which consists primarily of non-specialty commercial lines business as well as national accounts, certain specialty programs and regional agency business transferred to Liberty Mutual Insurance Group and other business identified by the Company as run-off;

(k) "Specialty Lines" means (i) any industry-segmented business or risk, regardless of size, type or class of business or risk, where the market, industry or program is a clearly defined group of insureds with predominately similar risk characteristics and where the policy forms, marketing, underwriting, claims or loss control functions are designed for the unique characteristics of the market, industry or program, reasonably and in good faith characterized by Company, Reinsurer and their Affiliates as specialty business or risk, together with those commercial coverages necessary to write the entire account, and (ii) any other insurance or reinsurance business of the Company other than the Runoff Business pursuant to Policies; and

(l) "Statutory Penalties" are those amounts awarded as a penalty, but are fixed in amount by statute.

All accounting terms used herein and not otherwise defined shall, where the context reasonably allows, have the same meanings as in the Company's Annual Statements filed with the New York Department of Financial Services.

2. This Agreement shall be effective as of 12:01 a.m. on the Closing Date (the "Effective Date"), and shall apply to all insurance risks of every nature whatsoever under the Policies.

3. The Company hereby cedes and transfers to the Reinsurer, and the Reinsurer hereby reinsures and assumes from the Company, all Liabilities incurred under or in connection with the Policies.

4. [Intentionally Omitted].

5. As between the Reinsurer and the Company, the Reinsurer shall have the sole benefit of, and any right to collect all reinsurance recoveries under, any third party reinsurance agreements that provide reinsurance specifically and solely for the Policies; provided, however, that the Reinsurer's liability hereunder shall not be affected by reason of the inability to collect from any third party reinsurer(s), whether specific or general, any amounts that may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise. In the event of any inconsistency between the provisions of this Agreement and the provisions of the SPA with respect to reinsurance with third parties or Shared Reinsurance (as defined in the SPA), the terms of the SPA shall govern.

6. In consideration of the agreements of the Reinsurer herein contained, the Company hereby agrees to assign and transfer to the Reinsurer an amount in cash or other assets equal to the aggregate of the Company's Liabilities assumed by the Reinsurer as of the Effective Date.

7. Administration and Related Matters.

(a) As of the Effective Date, the Company hereby authorizes and empowers the Reinsurer to collect and receive all premiums; to take charge of, adjust and pay all Liabilities with respect to the Policies; to obtain reinsurance (in the Reinsurer's own name and for its own account) with respect to the Policies; and in all respects to act as though the Policies were issued by the Reinsurer. The Company also authorizes and empowers the Reinsurer to perform, and the Reinsurer hereby agrees to perform on behalf of the Company, various services necessary in connection with the administration of the Policies, including, without limitation, policy administration, loss settlement, accounting, maintenance of books and records, and data processing (in each case solely with respect to the Policies and not generally for the Company). Coincident with the exercise by the Reinsurer of the authority granted hereunder either in whole or in part, the Reinsurer agrees to pay, in the first instance, all Liabilities for the Policies. The provisions of this Section 7 shall be subject to the ASA, and in the event of any conflict between the terms of this Agreement and the ASA, the terms of the ASA shall govern. For the avoidance of doubt, Section 20.10 of the ASA regarding subcontracting shall apply to administrative services to be provided pursuant to the ASA.

(b) Except as directed by the Reinsurer or as performed by the Reinsurer acting on behalf of the Company in the Reinsurer's capacity as the Administrator under the ASA, the Company, on its own initiative, shall not change the terms or conditions of any Policy. If the Liabilities under any of the Policies are changed (A) because of changes made on or after the Effective Date in the terms and conditions of the Policies effected by the Reinsurer acting pursuant to the ASA or (B) by reason of the requirements of any governmental authority or otherwise required by applicable law, the Reinsurer will share proportionately, on a 100% quota share basis, in such changes, and the Company and the Reinsurer will make all appropriate adjustments to amounts due each other under this Agreement. With respect to any change required by reason of the requirement of any governmental authority or otherwise required by applicable law, the Company shall, to the extent practicable, prior to the effectiveness of any such change, promptly notify the Reinsurer of such proposed change and afford the Reinsurer (at the Reinsurer's sole cost and expense) the opportunity, to the extent practicable, to object to such change under applicable administrative procedures (both formal and informal).

8. The Company hereby sells, transfers and assigns, and the Reinsurer hereby purchases, all right, title and interest of the Company in and to assets relating to the Runoff Business, including but not limited to its agents' balances, uncollected premiums, premium notes receivable, amounts due for inspection services and other functions relating to underwriting operations, and any other underwriting assets and fixed assets that may relate to the Policies existing on or arising after the Effective Date as mutually agreed by the Company and the Reinsurer.

9. It is agreed that the obligations of either party under this Agreement and the ASA to transfer cash or other assets to the other party may be offset by the reciprocal obligations of the other party so that only net amounts shall be required to be transferred.

10. The conditions of the reinsurance under this Agreement shall in all cases be identical with the conditions of the Policies and their resulting obligations.

11. Except as otherwise required by the context of this Agreement, the amounts of all payments due under this Agreement shall be determined on the basis of the Company's Annual Statements filed with its domiciliary insurance regulator.

12. All collections and payments of any kind under this Agreement shall be settled between the parties no later than sixty (60) days following the close of each calendar quarter, in accordance with the ASA.

13. This Agreement shall remain in effect until the natural expiry of all obligations of the Company under the Policies and until all obligations of the Company and the Reinsurer hereunder have been discharged in full.

14. The reinsurance provided by this Agreement shall be payable by the Reinsurer directly to the Company or to its liquidator, receiver or statutory successor on the basis of the liability of the Company under the Policies reinsured without diminution because of the insolvency of the Company. In the event of the insolvency of the Company, the liquidator, receiver or statutory successor of the Company shall give written notice of the pendency of each claim against the Company on a Policy reinsured within a reasonable time after such claim is filed in the insolvency proceeding; and during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense or defenses which it may deem available to the Company, its liquidator, receiver or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to court approval, against the Company as part of the expense of liquidation to the extent of such proportionate share of the benefit as shall accrue to the Company solely as a result of the defense undertaken by the Reinsurer. The reinsurance shall be payable as hereinbefore in this paragraph provided except (a) where the Policy specifically provides another payee of such reinsurance in the event of the insolvency of the Company and (b) where the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Company as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Company to such payees.

15. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by any party hereto without the prior written consent of all other parties hereto. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

16. Any provision of this Agreement may be amended, modified or waived if, and only if, such amendment, modification or waiver is in writing and signed, in the case of an amendment, by the parties hereto, or in the case of a waiver, by the party hereto

against whom the waiver is to be effective. No failure or delay by any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

17. This Agreement constitutes the entire agreement between the parties with respect to the business being reinsured hereunder, and there are no understandings between the parties other than as expressed in this Agreement.

18. Credit for Reinsurance. The Reinsurer acknowledges that the Company's ability to obtain full credit on its statutory financial statements for the reinsurance provided by this Agreement is an essential and material part of this transaction, failing which this Agreement will not fulfill its intended purpose. The Reinsurer shall promptly notify the Company of any event or change or condition that is reasonably likely to result in the Reinsurer ceasing to be authorized to engage in the business of insurance or reinsurance in the Company's state of domicile. In the event that Reinsurer ceases to be so authorized, it shall immediately, but in any case within fifteen (15) days after ceasing to be authorized, take such steps as are necessary to (a) restore such license and authority, (b) become accredited as a reinsurer in the Company's state of domicile, or (c) establish a qualified trust fund or provide a letter of credit, in each case, such that the Company shall be able to obtain full credit on its statutory financial statements for the reinsurance provided by this Agreement in the Company's state of domicile.

19. Arbitration. (a) The parties hereto agree to act in all things with the highest good faith. However, in the event the parties hereto cannot mutually resolve a dispute or claim which arises out of, or in connection with this Agreement, the parties hereto agree that the dispute or claim shall be submitted to binding arbitration, regardless of the insolvency, bankruptcy, rehabilitation or liquidation of either party, unless the conservator, receiver, liquidator, or statutory successor is specifically exempted from an arbitration proceeding by applicable state law. Any arbitration shall be based upon the Procedures for the Resolution of U.S. Insurance and Reinsurance Disputes dated September 2009 (the "Procedures") -- Regular Panel Version, and as supplemented or limited by this Section 19. In the event of any conflict between the Procedures and this Section, this Section, and not the Procedures, will control.

(b) Notice. Either party may initiate arbitration by providing written notification to the other party. Such written notice shall contain a brief statement of the issue(s), the failure on behalf of the parties to reach amicable agreement and the date of demand for arbitration. The party to which the notice is sent will respond to the notification in writing, within ten (10) days of its receipt. Any notice provided by either party under this provision shall be given as provided in Section 20.

(c) Panel. The arbitration panel (the "Panel") shall consist of three disinterested arbitrators, one to be appointed by the Company, one to be appointed by the Reinsurer and the third to be appointed by the two party-appointed arbitrators. The third arbitrator shall serve as the umpire, who shall be neutral. The arbitrators and umpire shall be persons who are current or former officers or executives of a property and casualty insurer or reinsurer, other than the parties or their Affiliates or subsidiaries, with more than

ten (10) years property and casualty insurance experience. The arbitrators will regard this Agreement from the standpoint of practical business and equitable principles rather than that of strict law.

(d) Procedure.

(i) Within thirty (30) days of the commencement of the arbitration proceeding, each party shall provide the other party with the identification of its party-appointed arbitrator, and his or her address (including telephone, fax and e-mail information), a copy of the arbitrator's curriculum vitae and a completed Procedures Candidate Questionnaire, as provided for in the Procedures. If either party fails to appoint an arbitrator within that thirty (30) day period, the non-defaulting party will appoint an arbitrator to act as the party-appointed arbitrator for the defaulting party. The two party-appointed arbitrators shall seek to reach agreement on an umpire as soon as practical but no later than thirty (30) days after the appointment of the second arbitrator. The party-appointed arbitrators may consult, in confidence, with the party who appointed them concerning the appointment of the umpire.

(ii) Where the two party-appointed arbitrators have failed to reach agreement on an umpire within thirty (30) days, as specified in subsection (i) of this subsection (d), an umpire shall be selected in accordance with Section 6.7 of the Procedures from potential umpires selected by each party from the Certified Umpire List maintained by ARIAS (US). The expense of the appointment of the umpire shall be borne equally by each party to this Agreement.

(iii) The Panel may, in its sole discretion, make orders and directions as it considers to be necessary for the final determination of the matters in dispute. Such orders and directions may be necessary with regard to pleadings, discovery, inspection of documents, examination of witnesses and any other matters relating to the conduct of the arbitration. The Panel will have the widest discretion permissible under the law and practice of the place of arbitration when making such orders or directions.

(iv) The Panel will base their decision on the terms and conditions of this Agreement plus, as necessary, on the customs and practices of the property and casualty insurance and reinsurance industry rather than solely on a strict interpretation of the applicable law; there will be no appeal from their decision, and should either party fail to comply with the decision of the arbitrators, the other party shall have the right to seek and receive the assistance of any court having jurisdiction of the subject matter to enforce the decision of the arbitrators by having the arbitrators' decision reduced to judgment.

(e) Place of Arbitration. The arbitration shall take place in New York, New York and shall commence no later than ninety (90) days after the appointment of the umpire.

(f) Venue. The federal and state courts of the State of New York sitting in New York County shall have exclusive jurisdiction over any and all court proceedings that either party may initiate to compel arbitration or to enforce or confirm an arbitration award, each party hereby submitting to the personal jurisdiction thereof, and the parties agree not to raise the objection that such courts are not a convenient forum.

(g) Arbitration Panel Decision. The decision of the Panel shall be in writing and delivered to the parties promptly following the close of the arbitration proceedings, and shall be final and binding on the parties.

(h) Arbitration Costs. Each party shall bear the expense of its own arbitration, including its arbitrator and outside attorney fees, and jointly and equally bear with the other party the expenses of the umpire. Any remaining costs of the arbitration shall be determined by the Panel, which may take into account the law and practice of the place of arbitration.

20. Notices. All notices, requests, claims, demands or other communications hereunder shall be deemed to have been duly given and made if in writing and (a) at the time personally delivered if served by personal delivery upon the party for whom it is intended, (b) at the time received if delivered by registered or certified mail (postage prepaid, return receipt requested) or by a national courier service (delivery of which is confirmed), or (c) upon confirmation if sent by facsimile; in each case to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person:

to the Reinsurer:

[ ]
[ ]
[ ]
Telephone: [ ]
Facsimile: [ ]
Attention: [ ]

with a copy (which shall not constitute notice to Reinsurer for the purposes of this Section 20) to:

Edwards Wildman Palmer LLP
750 Lexington Avenue
New York, NY 10022
Telephone: (212) 912-2789
Facsimile: (212) 308-4844
Attention: Nick Pearson

to the Company:

[•]
[•]

[•]
Telephone: [•]
Facsimile: [•]
Attention: [•]

with a copy (which shall not constitute notice to the Company for the purposes of this Section 20) to:

Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606
Telephone: (312) 782-0600
Facsimile: (312) 701-7711
Attention: Edward S. Best

21. Governing Law. This Agreement and its enforcement will be governed by, and interpreted in accordance with, the laws of the State of New York applicable to agreements made and to be performed entirely within such state without regard to the conflicts of law provisions thereof.

22. Reports; Access to Records. All reporting for the reinsurance provided under this Agreement and access to records relating thereto shall be provided in accordance with the ASA.

23. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or entity or any circumstance, is found by a court or other governmental authority of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons, entities or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as would be enforceable.

24. Survival. Notwithstanding the provisions of Section 13, Sections 9, 12, 13 through 17 and 19 through 24 shall survive the termination or expiration of this Agreement.

25. Errors and Omissions. Inadvertent delays, errors or omissions made by either the Company or the Reinsurer in connection with this Agreement or any transaction hereunder shall not relieve the other party from any liability which would have attached to such parties had such delay, error or omission not occurred, provided that such error or omission is rectified as soon as possible after discovery, and provided further that the party making such error or omission or is otherwise responsible for such delay shall be responsible for any additional liability which attaches as a result.

26. Counterparts. This Agreement may be executed in any number of counterparts, which may be facsimile or email counterparts, and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts of this Agreement taken together shall constitute but one and the same instrument.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

ONEBEACON INSURANCE COMPANY

Attest: By_____

_____
Secretary

[ATLANTIC SPECIALTY INSURANCE COMPANY][3]

Attest: By_____

_____
Secretary

[3] If the ASIC/OSBIC Merger is effected prior to the Closing Date, the bracketed language will be replaced by "ONEBEACON SPECIALTY INSURANCE COMPANY".

SCHEDULE I

Runoff Policies issued following 12/31/11

Exhibit Forecast

Financial Projections - Stand Alone Balance Sheets

OneBeacon Insurance Company

	Per SPA[1]	Close Adj[2]	Close[2]						
Assets	Jun-14	Jun-14	Jun-14	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
Cash and investments	145.5	80.9	226.4	210.0	177.2	153.1	139.2	104.1	65.2
Investment in subsidiaries	42.8	-	42.8	40.5	36.8	34.1	31.5	29.9	29.2
Receivables	19.7	-	19.7	14.8	7.4	2.5	-	-	-
Funds held assets	1.8	-	1.8	1.4	0.7	0.2	-	-	-
Other assets (including net deferred taxes)	17.9	28.0	45.9	11.9	3.9	1.1	(0.2)	-	-
Assets	227.7	108.9	336.6	278.5	226.0	191.1	170.5	134.0	94.4
Liabilities, Surplus and Other Funds									
Net Loss and LAE reserves[3]	75.5	81.0	156.5	134.8	99.2	76.2	61.0	49.1	38.8
Funds held liabilities	7.7	-	7.7	5.8	2.9	1.0	-	-	-
Other liabilities	21.5	-	21.5	16.6	8.1	2.2	-	-	-
Liabilities	104.7	81.0	185.7	157.2	110.2	79.4	61.0	49.1	38.8
Surplus notes	-	80.9	80.9	80.9	80.9	80.9	80.9	60.6	38.3
Other capital and surplus	123.0	(53.0)	70.0	40.4	34.8	30.7	28.5	24.3	17.3
Surplus	**123.0**	**27.9**	**150.9**	**121.3**	**115.8**	**111.7**	**109.5**	**84.9**	**55.6**
RBC			**277%**	**250%**	**305%**	**363%**	**428%**	**383%**	**296%**

1 As prescribed by the amended SPA.

2 Closing adjustments reflect reserve strenthening and issuance of maximum Surplus Notes as provided for under the amended SPA.

3 Reserves are net of both Potomac and third party reinsurance.

Financial Projections - Stand Alone Balance Sheets

Employers' Fire Insurance Company

	Per SPA[1]	Close Adj[2]	Close						
Assets	**Jun-14**	**Jun-14**	**Jun-14**	**Dec-14**	**Dec-15**	**Dec-16**	**Dec-17**	**Dec-18**	**Dec-19**
Cash and investments	16.2	-	16.2	15.6	14.6	13.8	13.1	12.7	12.5
Investment in subsidiaries	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-
Funds held assets	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Assets	16.2	-	16.2	15.6	14.6	13.8	13.1	12.7	12.5
Liabilities, Surplus and Other Funds									
Net Loss and LAE reserves[3]	-	-	-	-	-	-	-	-	-
Funds held liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-	-	-
Surplus notes	-	-	-	-	-	-	-	-	-
Other capital and surplus	16.2	-	16.2	15.6	14.6	13.8	13.1	12.7	12.5
Surplus	**16.2**	**-**	**16.2**	**15.6**	**14.6**	**13.8**	**13.1**	**12.7**	**12.5**
RBC			**7831%**	**7646%**	**7345%**	**7111%**	**6876%**	**6724%**	**n/m**

1 As prescribed by the amended SPA.
2 Closing adjustments have no impact on EFIC.
3 Reserves are net of 100% QS to OBIC.

Financial Projections - Stand Alone Balance Sheets

OneBeacon America Insurance Company

	Per SPA[1]	Close Adj[2]	Close						
Assets	Jun-14	Jun-14	Jun-14	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
Cash and investments	26.6	-	26.6	24.9	22.2	20.3	18.4	17.2	16.7
Investment in subsidiaries	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-
Funds held assets	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Assets	26.6	-	26.6	24.9	22.2	20.3	18.4	17.2	16.7
Liabilities, Surplus and Other Funds									
Net Loss and LAE reserves[3]	-	-	-	-	-	-	-	-	-
Funds held liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-	-	-
Surplus notes	-	-	-	-	-	-	-	-	-
Other capital and surplus	26.6	-	26.6	24.9	22.2	20.3	18.4	17.2	16.7
Surplus	**26.6**	**-**	**26.6**	**24.9**	**22.2**	**20.3**	**18.4**	**17.2**	**16.7**
RBC			**10365%**	**9954%**	**9329%**	**8885%**	**8417%**	**8105%**	**n/m**

1 As prescribed by the amended SPA.

2 Closing adjustments have no impact on OBAIC.

3 Reserves are net of 100% QS to OBIC.

Financial Projections - Stand Alone Balance Sheets

Potomac Insurance Company

	Per SPA[1]	Close Adj[2]	Close						
Assets	**Jun-14**	**Jun-14**	**Jun-14**	**Dec-14**	**Dec-15**	**Dec-16**	**Dec-17**	**Dec-18**	**Dec-19**
Cash and investments	10.6	-	10.6	10.8	11.1	11.5	11.9	12.3	12.7
Investment in subsidiaries	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-
Funds held assets	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Assets	10.6	-	10.6	10.8	11.1	11.5	11.9	12.3	12.7
Liabilities, Surplus and Other Funds									
Loss and LAE reserves (Assumed)[3]	960.8	-	960.8	902.9	794.4	698.5	615.6	546.4	486.8
Funds held liabilities	-	-	-	-	-	-	-	-	-
Other liabilities (Ceded)[3]	(960.8)	-	(960.8)	(902.9)	(794.4)	(698.5)	(615.6)	(546.4)	(486.8)
Liabilities	-	-	-	-	-	-	-	-	-
Surplus notes	-	-	-	-	-	-	-	-	-
Other capital and surplus	10.6	-	10.6	10.8	11.1	11.5	11.9	12.3	12.7
Surplus	**10.6**	**-**	**10.6**	**10.8**	**11.1**	**11.5**	**11.9**	**12.3**	**12.7**
RBC			**10%**	**11%**	**13%**	**15%**	**17%**	**20%**	**23%**

1 As prescribed by the amended SPA.

2 Closing adjustments have no impact on Potomac.

3 Reserves are assumed from OBIC and then 100% ceded to third party reinsurers.

Financial Projections - Stand Alone Balance Sheets

Notes to Financial Projections

There are four remaining insurance companies:
1. OneBeacon Insurance Company ("OBIC"); 2. OneBeacon America Insurance Company ("OBAIC"); 3. The Employers Fire Insurance Company ("EFIC"); 4. Potomac Insurance Company ("Potomac")

OBAIC and EFIC are wholly owned subsidiaries of OBIC. Potomac is a stand alone entity.

Following the planned redomestication of OBAIC and EFIC to Pennsylvania, the Form A will be amended to cover these companies.

Intercompany reinsurance agreements have been entered into as of October 1, 2012 between OBIC and OBAIC, and OBIC and EFIC. As a result, OBAIC and EFIC have net reserves of zero, as all Loss and LAE reserves, for both Retained Business and Run-off Business as defined in the SPA, are 100% ceded to OBIC. When the transaction closes it is anticipated that the balance sheet of OBAIC and EFIC will be comprised of invested assets that comply with applicable state regulations, with no Net Loss and LAE, and few, if any, other assets or liabilities.

Potomac is used as a vehicle to facilitate the reinsurance of One Beacon Group's APH liabilities and certain liabilities prior to 2001. It is 100% reinsured by two external reinsurers. As a result, Potomac has net liabilities of zero however the liabilities are shown as Loss and LAE reserves with the ceded liabilities shown as other liabilities. The sale process has no impact on the liabilities being ceded to or retroceded out of Potomac.

The closing adjustments reflect an increase to the booked reserves that is outside of the provisions of the amended SPA and an assumption that the maximum Surplus Notes contribution under the amended SPA is made.

The only impact of the closing on the Pro Forma Financial Projections is the accrual one day after closing of a Deferred Tax Liability (DTL). The amount of this is estimated and included in the quarter following the assumed closing date. This accounts for the majority of the drop in capital in this period.

Reinsurance receivables, premiums receivable, funds held assets and other assets are modeled to be collected based on projected collection patterns at booked amounts, resulting in no positive or negative impact to net income or surplus. Likewise, reserves other than loss and lae reserves are modeled to be paid at booked values.

Invested assets are comprised of securities that comply with NAIC and state guidelines, with maturities modeled to ensure appropriate liquidity corresponding to anticipated Loss and LAE payment dates. Loss and LAE payments are modeled based on the Towers Watson study. Surplus note interest is assumed paid through projection period with principal repayments in 2018 and 2019.