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Corporate & Financial Regulation

June 25, 2014

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HAND DELIVERY

JUN 25 2014

Pennsylvania
Insurance Department

Steven L. Yerger
PIR Company Licensing Specialist
Pennsylvania Insurance Department
1345 Strawberry Square
Harrisburg, PA 17120

Re: Change of Control of Domestic Insurers OneBeacon Insurance Company and
Potomac Insurance Company – Amendment No. 2

Dear Mr. Yerger:

On February 7, 2013, we filed with the Department a Form A Statement Regarding the Acquisition of Control of a Domestic Insurer (the "Form A") in connection with the proposed acquisition of control by Armour Group Holdings Limited, through its subsidiary, Trebuchet US Holdings, Inc., of OneBeacon Insurance Company and Potomac Insurance Company. On June 19, 2004, we filed Amendment No. 1 to the Form A. On June 20, 2014, the two insurance company subsidiaries of OneBeacon Insurance Company were redomesticated from Massachusetts to Pennsylvania.

Enclosed please find Amendment No. 2 to the Form A which is being submitted in connection with the redomestications, along with a check in the amount of \$5,000 payable to the Commonwealth of Pennsylvania for the additional filing fee.

Sincerely,

COZEN O'CONNOR

By: James R. Potts

- cc: Maureen A. Phillips (w/o enclosures)
- Constance B. Foster (w/o enclosures)
- Steven B. Davis (w/o enclosures)
- Stuart Wrenn (w/o enclosures)
- Brad Huntington (w/o enclosures)
- John Williams (w/o enclosures)

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AMENDMENT NO. 2

FORM A

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

ONEBEACON INSURANCE COMPANY (PA)

POTOMAC INSURANCE COMPANY (PA)

ONE BEACON AMERICA INSURANCE COMPANY (PA)

THE EMPLOYERS' FIRE 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 24, 2014

Name, title, address and telephone number of individuals to whom notices and correspondence concerning this form should be addressed:

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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” *and together with OBIC, the “Directly Acquired Companies”, OneBeacon America Insurance Company (“OBAIC”) and The Employers’ Fire Insurance Company (“EFIC”)*, each a Pennsylvania domiciled insurance company (collectively, the “Acquired Companies”). The *Directly Acquired Companies* are wholly-owned subsidiaries of OneBeacon Insurance Group LLC (“OneBeacon Group”) which is controlled by White Mountains Insurance Group, Ltd. *OBAIC and EFIC are each wholly owned subsidiaries of OBIC (the “OBIC Subsidiaries”).*

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 Amendment No. 1 to the Form A pursuant to this Amendment No. 2 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. 2 - CHANGES SHOWN IN BOLD ITALICS]

A. Domestic Insurers

Name and Address	Domicile	NAIC Code Number
OneBeacon Insurance Company (“ <u>OBIC</u> ”) 150 Royall Street Canton, MA 02021-1030	PA	21970
Potomac Insurance Company (“ <u>Potomac</u> ”) 150 Royall Street Canton, MA 02021-1030	PA	10238

OneBeacon America Insurance Company (“OBAIC”) 150 Royall Street Canton, MA 02021-1030	PA	20621
The Employers’ Fire Insurance Company (“EFIC”) 150 Royall Street Canton, MA 02021-1030	PA	20648

[Paragraph concerning anticipated redemptions of OBIC Subsidiaries deleted.]

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 **Directly** Acquired Companies 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. 2 – NO CHANGES]

A. <u>Name and Business Address of Applicant</u>	<u>Domicile</u>
Trebuchet US Holdings, Inc. Corporation Trust Center 1209 Orange Street Wilmington Delaware 19801	Delaware

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

Bermuda

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

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. 2 – NO CHANGES]

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. 2 – 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 ***Directly*** 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. 2 – 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 *Directly* 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 *Directly* 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. 2 – CHANGES SHOWN IN BOLD ITALICS]

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. *Neither* of the *Directly* Acquired Companies has any other shares of capital stock outstanding. ***OBIC owns all of the issued and outstanding shares of capital stock of the OBIC Subsidiaries and therefore those shares will be indirectly***

acquired by the Applicant if it acquires the Purchased Shares. 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. 2 – 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. 2 – 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. 2 – 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. 2 – 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. 2 – 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. 2 – 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. <i>Previously filed.</i> 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. <i>Previously filed.</i>
Exhibit SCH	Schedules to the SPA. <i>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.</i>
Exhibit EXS	Exhibits to the SPA. <i>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</i>

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. <i>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.</i>
Exhibit D&O	Current directors and officers of the Applicant. Previously filed.
Exhibit PLAN	Business Plan for Acquired Companies. <i>The Applicant is requesting confidential treatment with respect to this information and will be filing it under separate cover. Previously filed.</i>
Exhibit A-2007	Unaudited financial statement of Armour Group for 2007. <i>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.</i>
Exhibit A-2008	Unaudited financial statement of Armour Group for 2008. <i>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.</i>
Exhibit A-2009	Unaudited financial statement of Armour Group for 2009. <i>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.</i>
Exhibit A-2010	Unaudited financial statement of Armour Group for 2010. <i>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.</i>
Exhibit A-2011	Unaudited financial statement of Armour Group for 2011. <i>The Applicant is requesting confidential treatment with respect to</i>

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.

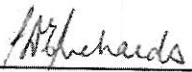
Item 14. Signature and Certification:

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 24th 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 24, 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