



June 13, 2014

James R. Potts, Esq.
Cozen O'Connor
1900 Market Street
Philadelphia, PA 19103

Re: Application of Armour Group Holdings Limited for Approval of Acquisition of Control of OneBeacon Insurance Company and Potomac Insurance Company

Dear Mr. Potts:

The Pennsylvania Insurance Department ("the Department") has made a preliminary review of the Stock Purchase Agreement ("SPA") dated October 17, 2012 and documents associated with the SPA, including the Exhibits and Schedules attached to the SPA and the Amendments to the SPA dated February 1, 2013 and October 25, 2013, which were filed with the Form A in the above-referenced transaction. Based on the Department's preliminary review of these documents, the Department has compiled the below list of areas for which it seeks clarification and/or updated information.

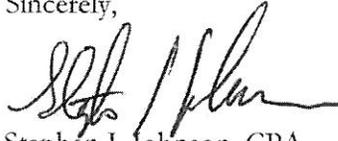
Your responses and any related documents will become part of the public files, unless you have asserted the confidentiality of the information and the Department has accepted such assertion. When preparing your response, please reference the number of the Department's request to which you are responding.

1. The Department understands that the SPA will be amended by the parties. It further understands that the termination date for the SPA will be extended to September 30, 2014 and will provide for a 90-day extension from that date. If this changes, or if the Department's understanding is not correct, please provide prompt notice to the Department.
2. The Department notes that Section 5.11 of the SPA addresses the termination or substitution of guarantees and surety bonds listed in Section 5.11 of the Seller Disclosure Schedule. It appears that Section 5.11 of the Seller Disclosure Schedule does not list any guarantees and lists eleven adjuster bonds in the amount of \$1,000 each. Please confirm whether these are the bonds referred to in Section 5.11 of the SPA and identify any additional guarantees or bonds referenced in this section.
3. The Department understands that Paragraphs 13 of the Form of Retained Business Reinsurance Agreement (SPA Exhibit 3) and the Form of Run-Off Business Reinsurance Agreement (SPA Exhibit 6) are being amended. Please advise the Department if this understanding is inaccurate.
4. The Department observes that Section 19.2 of the Form of Run-Off Business Administrative Services Agreement (SPA Exhibit 4) allows the Company to terminate the agreement under certain conditions. It appears that if the agreement is terminated, the Administrator is responsible for the cost of a replacement third-party administrator to administer the business. Please confirm that the Department's reading of this provision is correct.

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Please be advised that the Department reserves the right to request additional clarification or information and documentation on anything relevant to the Form A application, based on its continued review of the companies' filings and the SPA documents, including your responses to this letter and any amendments to the SPA documents and Form A filings. These requests are continuing requests and the Applicant should promptly update its responses as soon as new information becomes available. Feel free to contact the Department for clarification of any of the requests made above.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Johnson", written over a horizontal line.

Stephen J. Johnson, CPA
Deputy Insurance Commissioner
Office of Corporate and Financial Regulation