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October 15, 2014

David Buck
Director
Specialty Operations

**Via Fax (717) 787-8557 and
Via Email syerger@pa.gov**

Steven L. Yerger, Chief
Company Licensing Division
Bureau of Company Licensing and Financial Analysis
Office of Corporate and Financial Regulation
Pennsylvania Department of Insurance
1345 Strawberry Square
Harrisburg, PA 17120

**Re: Form A - Statement Regarding the Acquisition and Control of
One Beacon Insurance Company, Potomac Insurance Company,
One Beacon America Insurance Company, and The Employers'
Fire Insurance Company (collectively, "OneBeacon") by
Trebuchet US Holdings, Inc., a wholly owned subsidiary of
Trebuchet Investments Limited, a wholly-owned subsidiary of
Armour Group Holdings Limited (collectively, "Armour")**

Dear Mr. Yerger:

Allstate Insurance Company ("Allstate"), in accordance with the Pennsylvania Bulletin, respectfully submits this comment letter regarding Armour's proposed acquisition of OneBeacon (the "Acquisition").

After having reviewed the (a) Public Comment Letters (with exhibits) previously filed in opposition to the Acquisition, (b) OneBeacon and Armour responses to those public comments, and (c) transcript of the July 23, 2014 public hearing, Allstate objects to the Acquisition. In this regard, Allstate adopts and fully incorporates herein the previously submitted Public Comment Letters opposing the Acquisition.

In particular, Allstate agrees with the Public Comment letter filed by the law firm William Balaban & Associates on behalf of its client, The Travelers Indemnity Company. As you may know, during the time period 1972-1985, Allstate's wholly-owned subsidiary, Northbrook Excess and Surplus Insurance Company¹, was one of the world's largest writers of umbrella, excess and surplus lines insurance.

¹ Originally formed in 1972 as Northbrook Insurance Company, the name was changed in 1978 to Northbrook Excess and Surplus Insurance Company ("NESCO"). NESCO was merged into Allstate pursuant to a Certificate of Merger issued January 1, 1985 by the State of Illinois Department of Insurance, at which time NESCO's rights and obligations were merged into Allstate and NESCO ceased to exist.

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The NESCO business was heavily reinsured by companies throughout the world, including OneBeacon. As a cedent and creditor of OneBeacon, Allstate (like Travelers) has a significant financial interest in the Acquisition. It is Allstate's fear that, once transferred to Armour, OneBeacon's assumed reinsurance obligations to Allstate will be "ring-fenced" in a runoff company that may be inadequately capitalized and will focus on its cash flow by delaying and/or denying payments rather than its reinsurance obligations to Allstate. This will be exacerbated by the long-tail and latent nature of the environmental, asbestos and other mass tort claims made against Allstate and reinsured by OneBeacon. Indeed, as plaintiffs' lawyers continue to be creative in their efforts to bring litigation, the current ceded recoverables may only be a fraction of OneBeacon's exposure to Allstate.

Allstate therefore requests that the Pennsylvania Insurance Commissioner reject the Acquisition.

Respectfully,



David Buck
Director, Specialty Operations
Allstate Insurance Company

cc (via email and US mail):

William R. Balaban, Esq.
Steven B. Davis, Esq.
Constance B. Foster, Esq.
James F. Jorden, Esq.
Tim Knapp, Esq.
James R. Potts, Esq.