

117

October 17, 2014

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**VIA UPS & EMAIL**

Stephen Johnson  
Steven L. Yerger (syerger@pa.gov)  
Pennsylvania Insurance Department  
Bureau of Company Licensing and Financial Analysis  
1345 Strawberry Square  
Harrisburg, PA 17120

Re: In re Application for Approval to Acquire Control of OneBeacon Insurance Company, Potomac Insurance Company, OneBeacon America Insurance Company and the Employers' Fire Insurance Company by Trebuchet US Holdings, Inc.

Dear Messrs. Johnson and Yerger:

Olin Corporation ("Olin") submits this letter in response to Pennsylvania Bulletin 44 Pa. Bull. 5159, dated July 26, 2014 reopening the public comment period as a result of a July 23, 2014 "public informational hearing" as to the Application for Approval to Acquire Control of OneBeacon Insurance Company, Potomac Insurance Company, OneBeacon America Insurance Company and the Employers' Fire Insurance Company by Trebuchet US Holdings, Inc. ("Proposed Transaction"). Olin also submits this letter in response to Pennsylvania Bulletin 44 Pa. Bull. 6056, dated September 20, 2014, announcing the October 17, 2014 closing of the public comment period for the Proposed Transaction.

By submitting this letter, Olin does not waive its rights, including its objections to the failure of the Pennsylvania Insurance Department ("Department") to take action on Olin's Petition to Intervene in the above-referenced proceeding. Olin also again objects to the public informational hearing as failing to afford Olin the due process protections afforded to intervenors as provided by the Administrative Agency Law (1 Pa.C.S. Ch. 5, Subch. A and Ch. 7, Subch. A), 1 Pa. Code §§ 35.27-.28 and 31 Pa. Code § 56.1. Olin expressly reserves all rights, including the right to challenge, in any appropriate forum, any Department decision (or failure to make a decision) as to Olin's Petition to Intervene, any Department decision that fails to grant Olin the procedural and substantive rights due intervenors and any Department decision as to the above-referenced proceeding or the Proposed Transaction.

05

At the public informational hearing, the Department encouraged the submission of proposed conditions that the Department should place on the Proposed Transaction. Olin hereby respectfully requests that the Department impose the following additional conditions on the Proposed Transaction should the Proposed Transaction proceed. These conditions are reasonable and necessary to protect Olin's rights and interests, for the reasons stated on the record at the July 23, 2014 hearing and as set forth in Olin's previous filings in this matter, including its April 11, 2014 Petition to Intervene and its July 16, 2014 letter, which Olin hereby incorporates herein by reference:

- **Condition 1** – On November 12, 2013, Olin obtained a jury verdict in its favor against OneBeacon America Insurance Company (“OBAIC”) in the United States District Court for the Southern District of New York as to general liability insurance coverage for four environmental sites. *See Olin Corp. v. Ins. Co. of N. Am., et al.*, 84 Civ. 1968 (S.D.N.Y.) (“New York Litigation”). The four environmental sites are known as McIntosh OU2, Augusta, Fields Brook and Rochester. On October 9, 2013, in the New York Litigation Olin obtained a summary judgment ruling in its favor regarding a fifth environmental site known as Bridgeport Rental and Oil Services. Collectively, these five environmental sites are referred to as the “Trial Sites.” The trial court has set a hearing in December 2014 to address the amount of the judgment to be issued in favor of Olin with respect to the Trial Sites. Olin claims that once a judgment is entered as to the Trial Sites, the amount of damages owed by OBAIC will exceed (potentially materially) \$60 million in past costs and prejudgment interest prior to taking account of future costs. In order to ensure that OBAIC has sufficient reserves or other assets to satisfy this judgment, Olin proposes that the Department require the following as a material condition of the Proposed Transaction: Once the trial court in the New York Litigation has entered judgment against OBAIC regarding the Trial Sites (under Federal Rule of Civil Procedure 54(b) or otherwise), within 30 days OBAIC must either (i) fully secure that judgment with a bond or deposit with the court in the New York Litigation (with an appropriate cushion to cover post-judgment interest and costs) or (ii) pay Olin the judgment in full.
- **Condition 2** – Seller OneBeacon Insurance Group LLC and OneBeacon Insurance Group, Ltd., or whichever entity is then the top-level parent corporation of the insurance business that was not sold to Armour Group Holdings Limited/Trebuchet US Holdings, Inc. as part of the Proposed Transaction (collectively, “OBIG”), shall agree to guarantee OBAIC's payment of all claims, judgments, debts or other liabilities to Olin. Should OBAIC fail to timely pay, for any reason, all or any portion of any claim, judgment, debt or other liability to Olin, Olin, in addition to its rights against OBAIC, shall have the right to pursue, and shall have full recourse against, OBIG for payment of any outstanding amounts owed to Olin. OBIG will agree to pay such outstanding amounts, and shall not

raise issues of corporate separateness or the approval or closing of the Proposed Transaction as a defense to payment.

- **Condition 3** – If for any reason OBAIC does not obtain a bond or deposit fully securing the judgment in the New York Litigation or does not pay Olin the judgment in full within the 30-day period stated in Condition 1, OBIG immediately will either (i) obtain a bond or make a deposit with the court in the New York Litigation in an amount sufficient to fully secure the judgment (with an appropriate cushion to cover post-judgment interest and costs) or (ii) pay Olin the judgment in full.
- **Condition 4** – If additional judgments are entered in the New York Litigation in favor of Olin and against OBAIC as to the Trial Sites (e.g., a separate judgment as to Olin’s claims against OBAIC as to one or more of the Trial Sites or as to Olin’s Mass. Gen. Law Ch. 93A claims), Conditions 1, 2 and 3 will apply to each judgment that is entered.
- **Condition 5** – As to the remaining, non-settled environmental sites for which Olin has sued OBAIC in Olin’s Third Amended Complaint in the New York Litigation (“Remaining Sites”), should Olin obtain a judgment or judgments in its favor and against OBAIC in the future as to any or all of the Remaining Sites, the same security and funding mechanisms in Conditions 1, 2 and 3 will apply to each judgment Olin obtains, including, for the avoidance of doubt, Olin’s right to pursue, and have full recourse against, OBIG for payment of any outstanding amounts owed to Olin.
- **Condition 6** – With respect to any environmental claim that Olin has submitted or submits in the future under any insurance policy that was issued by OBAIC or its predecessors-in-interest and that is subject to the Proposed Transaction, OBAIC shall promptly establish a claim-specific case reserve for each such claim, provided that it has not already paid or posted security for such claim(s) pursuant to Conditions 1-5. Within 10 days of the setting or adjusting of any such case reserve, OBAIC shall notify Olin in writing of the amount and basis of that reserve. If Olin believes that the amount of any case reserve is insufficient, it shall request in writing that OBAIC increase the amount of the case reserve. If OBAIC fails to do so promptly, Olin shall have the right to request that the Department order OBAIC to increase its case reserves, which the Department will so order unless OBAIC meets its burden of proving that the case reserve amount it set is reasonable.

Olin reserves the right to join in additional proposed conditions that may be submitted to the Department by other proposed intervenors or public commentors.

Olin continues to reserve all rights in response to the positions of OBIG, Armour Group Holdings Limited (“Armour”) and Towers Watson, including those positions contained in the August 12, 2014 public comments of OBIG and Armour and the August 11, 2014 public

October 17, 2014

Page 4

comments of Towers Watson. Olin also reserves the right to join in additional substantive responses that may be submitted to the Department by other proposed intervenors or public commentators.

Olin repeats its request for the Department to grant Olin's Petition to Intervene and to hold a full evidentiary hearing that affords Olin and all other intervenors with complete and robust procedural and substantive rights and full access to information. Any Department decision on the Proposed Transaction should be postponed until after Olin and the other intervenors have been afforded such rights and given adequate time to review and analyze all materials that have been withheld on confidentiality grounds. Olin would be willing to enter into a confidentiality agreement to address any such confidentiality concerns.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "B. Scarbrough", with a long horizontal line extending to the right.

Brian S. Scarbrough

cc: Craig C. Martin  
Mathew J. Thomas  
Patricia C. Shea  
Raymond P. Pepe