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November 3, 2014

VIA COURIER

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Corporate & Financial Regulation

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Pennsylvania
Insurance Department

Steven L. Yerger, PIR
Company Licensing Specialist
Company Licensing Division
Commonwealth of Pennsylvania
Insurance Department
Office of Regulation of Companies
1345 Strawberry Square
Harrisburg, PA 17102

Re: Change of Control of Domestic Insurers OneBeacon Insurance Company, OneBeacon American Insurance Company, The Employers' Fire Insurance Company and Potomac Insurance Company - Amendment No. 3

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, which was subsequently amended to include OneBeacon American Insurance Company and The Employers' Fire Insurance Company.

Enclosed please find two copies of Amendment No. 3 to the Form A.

Sincerely,

COZEN O'CONNOR

By: James R. Potts

Enclosures

- 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. 3

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: November 3, 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.

Item 1. Insurer and Method of Acquisition

A. Domestic Insurers

No changes to the previously submitted information.

B. Method of Acquisition

Seller, Seller Parent, Trebuchet and Armour Group entered into Amendment No. 4 to Stock Purchase Agreement, dated as of November 3, 2014, a copy of which is included as Exhibit SPA A-4 hereto (“SPA Amendment No. 4”).

No other changes to the previously submitted information.

Item 2. Identity and Background of the Applicant

No changes to the previously submitted information.

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

No changes to the previously submitted information.

Item 4. Nature, Source and Amount of Consideration

A. Nature, Source and Amount of Funds.

Pursuant to SPA Amendment No. 4, Sections 5.19 and 5.20 of the SPA were amended.

No other changes to the previously submitted information.

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

No changes to the previously submitted information.

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

No changes to the previously submitted information.

Item 5. Future Plans of Insurer

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

No other changes to the previously submitted information.

Item 6. Voting Securities to be Acquired

No changes to the previously submitted information.

Item 7. Ownership of Voting Securities

No changes to the previously submitted information.

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

No changes to the previously submitted information.

Item 9. Recent Purchases of Voting Securities

No changes to the previously submitted information.

Item 10. Recent Recommendations to Purchase

No changes to the previously submitted information.

Item 11. Agreements with Broker-Dealers

No changes to the previously submitted information.

Item 12. Financial Statements and Exhibits

Exhibit SPA A-4	Amendment No. 4 to Stock Purchase Agreement.
Exhibit Forecast	June 30, 2014 balance sheet and five-year financial projection for each of the Acquired Companies and the OBIC Subsidiaries.

No other changes to the previously submitted information.

Item 13. Agreement to Enterprise Risk Requirements

No changes to the previously submitted information.

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 30 day of November, 2014.

(SEAL)

ARMOUR GROUP HOLDINGS LIMITED

BY  _____
Brad Huntington

Attest:

 _____

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated November 3, 2014 for and on behalf of **Armour Group Holdings Limited**; that he is a Director and 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 his knowledge, information and belief.

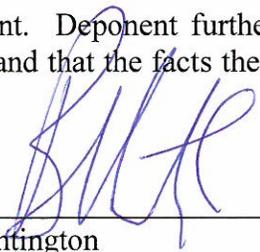
 _____
Brad Huntington

EXHIBIT SPA 4-A

AMENDMENT NO. 4 TO STOCK PURCHASE AGREEMENT

This Amendment No. 4 (this "Amendment"), dated as of November 3, 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).

WITNESSETH:

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, as of October 25, 2013 and as of June 19, 2014 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 (ii) reduce the margin that Purchaser may charge the Acquired Companies under intercompany agreements following the Closing.

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 \$101 million less the Seller Pari Passu Amount (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 5.20 Re: Certain Payment Restrictions. Section 5.20(b)(i) of the Agreement is hereby amended by deleting the two references to “15%” therein and replacing such two references with “10%”.

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

4. 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.

5. 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.

6. 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.

7. 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 7. 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: Paul N. McH
Name:
Title:

TREBUCHET US HOLDINGS, INC.

By: _____
Name:
Title:

ONEBEACON INSURANCE GROUP, LTD.

By: Paul N. McH
Name:
Title:

ARMOUR GROUP HOLDINGS LIMITED

By: _____
Name:
Title:

[Signature page to Amendment No. 4 to SPA]

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: *PRichards*
Name: *PAULINE RICHARDS*
Title: *TREASURER / SECRETARY*

ONEBEACON INSURANCE GROUP, LTD.

By: _____
Name:
Title:

ARMOUR GROUP HOLDINGS LIMITED

By: *PRichards*
Name: *PAULINE RICHARDS*
Title: *CHIEF OPERATING OFFICER*

[Signature page to Amendment No. 4 to SPA]

EXHIBIT FORECAST

Financial Projections - Stand Alone Balance Sheets

OneBeacon Insurance Company

	Per SPA ¹			Close ²											
	Jun-14	Jun-14	Jun-14	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
Assets															
Cash and investments	152.6	101.0	253.6	236.4	198.5	172.9	162.2	114.4	62.9						
Investment in subsidiaries	36.1	-	36.1	34.3	31.7	29.8	28.0	26.9	26.4						
Receivables	21.1	-	21.1	15.8	7.9	2.6	-	-	-						
Funds held assets	1.8	-	1.8	1.4	0.7	0.2	-	-	-						
Other assets (including net deferred taxes)	17.3	27.0	44.3	7.1	2.9	0.3	(0.8)	(0.2)	-						
Assets	228.9	128.0	356.9	295.1	241.6	206.0	189.4	141.2	89.3						
Liabilities, Surplus and Other Funds															
Net Loss and LAE reserves ³	80.0	78.9	158.9	135.5	94.6	70.8	58.9	49.1	41.3						
Funds held liabilities	6.9	-	6.9	5.2	2.6	0.9	-	-	-						
Other liabilities	19.0	-	19.0	14.9	7.1	1.7	-	-	-						
Liabilities	105.9	78.9	184.8	155.6	104.3	73.4	58.9	49.1	41.3						
Surplus notes	-	101.0	101.0	101.0	101.0	101.0	101.0	101.0	29.8						
Other capital and surplus	123.0	(51.9)	71.1	38.4	36.3	31.6	29.5	25.4	18.2						
Surplus	123.0	49.1	172.1	139.4	137.3	132.6	130.5	92.1	48.0						
RBC			335%	316%	413%	501%	599%	487%	311%						

1 As prescribed by the amended SPA.

2 Closing adjustments reflect reserve strengthening and issuance of 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	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
	Jun-14	Jun-14	Jun-14							
Assets										
Cash and investments	12.8	-	12.8	12.5	12.0	11.7	11.4	11.2	11.1	
Investment in subsidiaries	-	-	-	-	-	-	-	-	-	
Receivables	-	-	-	-	-	-	-	-	-	
Funds held assets	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	-	
Assets	12.8	-	12.8	12.5	12.0	11.7	11.4	11.2	11.1	
Liabilities, Surplus and Other Funds										
Net Loss and LAE reserves ³	-	-	-	-	-	-	-	-	-	
Funds held liabilities	-	-	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	-	-	-	-	
Liabilities	-	-	-	-	-	-	-	-	-	
Surplus notes	-	-	-	-	-	-	-	-	-	
Other capital and surplus	12.8	-	12.8	12.5	12.0	11.7	11.4	11.2	11.1	
Surplus	12.8	-	12.8	12.5	12.0	11.7	11.4	11.2	11.1	
RBC			6704%	6614%	6466%	6352%	6241%	6169%	6137%	

- 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	Close Adj ²						
	Jun-14	Jun-14		Jun-14	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19
Assets										
Cash and investments	23.3	-	23.3	21.9	19.7	18.1	16.7	15.7	15.3	
Investment in subsidiaries										
Receivables										
Funds held assets										
Other assets										
Assets	23.3	-	23.3	21.9	19.7	18.1	16.7	15.7	15.3	
Liabilities, Surplus and Other Funds										
Net Loss and LAE reserves ³										
Funds held liabilities										
Other liabilities										
Liabilities	-	-	-	-	-	-	-	-	-	
Surplus notes										
Other capital and surplus	23.3	-	23.3	21.9	19.7	18.1	16.7	15.7	15.3	
Surplus	23.3	-	23.3	21.9	19.7	18.1	16.7	15.7	15.3	
RBC	9620%			9348%	8799%	8323%	7924%	7661%	7538%	

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						
	Jun-14	Close Adj ²	Jun-14	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	
Assets										
Cash and investments	10.9	-	10.9	11.1	11.4	11.8	12.2	12.6	13.1	
Investment in subsidiaries	-	-	-	-	-	-	-	-	-	
Receivables	-	-	-	-	-	-	-	-	-	
Funds held assets	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	-	
Assets	10.9	-	10.9	11.1	11.4	11.8	12.2	12.6	13.1	
Liabilities, Surplus and Other Funds										
Loss and LAE reserves (Assumed) ³	951.6	-	951.6	863.4	725.8	632.7	552.9	486.7	430.4	
Funds held liabilities	-	-	-	-	-	-	-	-	-	
Other liabilities (Ceded) ³	(951.6)	-	(951.6)	(863.4)	(725.8)	(632.7)	(552.9)	(486.7)	(430.4)	
Liabilities	-	-	(951.6)	(863.4)	(725.8)	(632.7)	(552.9)	(486.7)	(430.4)	
Surplus notes	-	-	-	-	-	-	-	-	-	
Other capital and surplus	10.9	-	10.9	11.1	11.4	11.8	12.2	12.6	13.1	
Surplus	10.9	-	10.9	11.1	11.4	11.8	12.2	12.6	13.1	
RBC			10%	12%	14%	17%	20%	23%	27%	

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 ("OBALC");
3. The Employers Fire Insurance Company ("EFIC");
4. Potomac Insurance Company ("Potomac")

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

Intercompany reinsurance agreements have been entered into as of October 1, 2012 between OBIC and OBALC, and OBIC and EFIC. As a result, OBALC 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 OBALC and EFIC will be comprised of invested assets that comply with applicable state regulations, with no net losses 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 the contribution of Surplus Notes as provided for under the amended SPA and an adjustment to bring booked reserves to the amounts currently recorded by OneBeacon.

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