



**THE COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF CONSUMER AFFAIRS AND BUSINESS  
REGULATION**

**DIVISION OF INSURANCE**

***REPORT OF EXAMINATION OF THE*  
MASSACHUSETTS HOMELAND INSURANCE COMPANY**

**Canton, Massachusetts**

**As of December 31, 2006**

**NAIC GROUP CODE 1129**

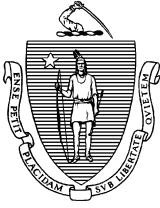
**NAIC COMPANY CODE 40320**

**EMPLOYERS ID NO. 04-2739739**

# MASSACHUSETTS HOMELAND INSURANCE COMPANY

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**COMMONWEALTH OF MASSACHUSETTS**  
**Office of Consumer Affairs and Business Regulation**  
**DIVISION OF INSURANCE**

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April 25, 2008

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**Boston, MA 02110-2208**

Honorable Commissioners and Superintendent:

Pursuant to your instructions and in accordance with Massachusetts General Laws, Chapter 175, Section 4, an examination has been made of the financial condition and affairs of the

**MASSACHUSETTS HOMELAND INSURANCE COMPANY**  
**Canton, Massachusetts**

at its home office located at One Beacon Lane, Canton, MA, 02021-1030. The following report thereon is respectfully submitted.

### **SCOPE OF EXAMINATION**

Massachusetts Homeland Insurance Company (hereinafter referred to as “the Company” or “MHIC”) was last examined for the period January 1, 1997 through December 31, 2001. The current National Association of Insurance Commissioners (“NAIC”) association plan examination covers the intervening period from January 1, 2002 through December 31, 2006, and any material transactions and/or events occurring subsequent and noted during the examination.

The current examination was conducted at the direction of, and under the overall management and control of the examination staff of the Massachusetts Division of Insurance (the “Division”) representing the NAIC Northeastern Zone. Representatives from the firm RSM McGladrey, Inc. were engaged by the Division to assist in the examination by performing certain examination procedures. The current examination was conducted concurrent with, and as part of the examination of the OneBeacon Group of companies and the OneBeacon Inter-company Reinsurance Pool, (the “OneBeacon Pool”) with Pennsylvania as the lead state. RSM McGladrey was also retained by the Pennsylvania Insurance Department to assist the Pennsylvania Insurance Department in conducting its examination of the OneBeacon Pool and the Pennsylvania domiciled insurers in the OneBeacon Group. The Pennsylvania Insurance Department also retained the actuarial services of KPMG LLP to review the actuarially determined loss and loss adjustment expense reserves of the OneBeacon Pool. The Division has relied on Pennsylvania for all of the work performed on the pooled accounts and KPMG LLP for the work performed on the pooled loss reserves.

The examination was conducted in accordance with standards established by the NAIC Financial Condition (E) Committee as well as with the requirements of the NAIC Financial Condition Examiner’s Handbook, the examination standards of the Division and with Massachusetts General Laws. The principal focus of the examination was 2006 activity; however transactions both prior and subsequent thereto were reviewed as deemed appropriate. The examination was conducted following the NAIC Risk Focused Examination model.

In addition to a review of the financial condition of the Company, the examination included a review of the Company’s business policies and practices, corporate records, reinsurance treaties, conflict of interest disclosure statements, fidelity bonds and other insurance, disaster recovery plan and other pertinent matters to provide reasonable assurance that the Company was in compliance with applicable laws, rules and regulations. In planning and conducting the examination, consideration was given to the concepts of materiality and risk and examination efforts were directed accordingly.

The Company is audited annually by PricewaterhouseCoopers LLP, an independent certified public accounting firm, in accordance with 211 CMR 23.00. The firm expressed unqualified opinions on the Company’s financial statements for the calendar years 2002 through 2006. A review and use of the Certified Public Accountants’ work papers were made to the extent deemed appropriate and effective.

The Examination was performed in conjunction with and concurrent with the examination of four of its Massachusetts domiciled affiliates; OneBeacon America Insurance Company; The Employers' Fire Insurance Company; The Northern Assurance Company of America; and, American Employers' Insurance Company.

## **HISTORY**

### **General**

The Company was incorporated on September 22, 1981 under the laws of the Commonwealth of Massachusetts and commenced business in 1981. The Company is a wholly owned subsidiary of The Employers' Fire Insurance Company, which is also a Massachusetts domiciled insurer. As a wholly owned subsidiary of The Employers' Fire Insurance Company, the Company was a part of the CGU Insurance Group until June 1, 2001, when White Mountains Insurance Group, Ltd. ("White Mountains") acquired CGU Corporation, together with its subsidiaries, including the Company, from London-based CGNU plc. On July 19, 2001 CGU Corporation was renamed OneBeacon Corporation, which merged into Fund American Companies, Inc. on December 30, 2001. On December 31, 2001, all assets formerly owned by OneBeacon Corporation were contributed by Fund American Companies, Inc. to OneBeacon Insurance Group LLC, a newly formed holding company. OneBeacon Insurance Group LLC owns OneBeacon Insurance Company, which owns the Company's immediate parent, The Employers' Fire Insurance Company.

### **Common Capital Stock**

As of December 31, 2006, the authorized capital stock of the Company consisted of 13,000 shares of common stock, all of which are issued and outstanding, with a par value of \$100, for an aggregate stated value of \$1,300,000. All of the common stock is owned by Employers' Fire Insurance Company.

### **Dividends to Stockholders**

The Company declared and paid dividends during the examination period only in 2005 in the amount of \$1,000,000.

### **Growth of Company**

The growth of the Company for the years 2002 through 2006 is shown in the following schedule, which was prepared from the Company's Annual Statements. All amounts are in thousands.

	Admitted			Direct Premiums	Net Premiums
<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Surplus</u>	<u>Written</u>	<u>Written</u>
2006	\$ 9,838	\$ 56	\$ 9,782	\$ 125,249	\$ 0
2005	9,642	48	9,594	155,431	0
2004	10,381	58	10,323	177,028	0
2003	10,154	34	10,120	181,776	0
2002	9,985	36	9,949	194,768	0

## **MANAGEMENT**

### **Annual Meeting of Stockholders**

The annual meeting of the stockholders was held on the first Tuesday in May each year during the examination period. At any meeting of the stockholders, a majority in interest of all stock issued and outstanding and entitled to vote upon a question to be considered at the meeting shall constitute a quorum for the consideration of such question. The minutes indicated that a written consent of sole stockholder in lieu of an annual meeting was obtained for each year during the examination period.

### **Board of Directors**

The by-laws provide that the business and affairs of the Company shall be managed by the Board of Directors except as otherwise provided by the Articles of Incorporation or by a valid shareholder agreement. The Board of Directors shall consist of not less than seven or more than fifteen directors, with the number determined at each annual meeting by resolution of the shareholders. Each Director holds office for a term of one year.

The minutes of the Board of Directors meetings indicated that meetings were held four times per year during the examination period. At any meeting of the Board, a majority of Directors, but not less than four, shall constitute a quorum. The minutes indicated that a quorum was obtained at all meetings of the Board of Directors held during the examination period.

At December 31, 2006 the Board was comprised of nine Directors. Directors duly elected and serving at December 31, 2006, with business affiliations were as follows:

<u>Director</u>	<u>Business Affiliation</u>
T. Michael Miller Chairman of the Board	Deputy Chairman, President and CEO, OneBeacon Insurance Group, Ltd.; Managing Director, Chairman of the Board, President and CEO, OneBeacon Insurance Group LLC
Alex C. Archmedes	Senior Vice President, OneBeacon Insurance Company
Andrew C. Carnase	Senior Vice President, OneBeacon Insurance Company
Mark K. Dorcus	Managing Director and President, White Mountains Advisors LLC
Thomas L. Forsyth	Secretary, OneBeacon Insurance Group, Ltd.; Managing Director, Senior Vice President, General Counsel and Secretary, OneBeacon insurance Group LLC

Paul H. McDonough	Vice President and CFO, OneBeacon Insurance Group, Ltd.; Managing Director, Senior Vice President and CFO, OneBeacon Insurance Group LLC
Brian D. Poole	Managing Director, Senior Vice President and Chief Actuary, OneBeacon Insurance Group LLC
Thomas N. Schmitt	Senior Vice President and Chief Human Resources Officer, OneBeacon Insurance Company
Roger M. Singer	Senior Vice President, OneBeacon Insurance Company

### **Officers**

The by-laws of the Company provide that the officers of the Company shall be a president, one or more vice presidents, a secretary, and a treasurer and other officers as deemed necessary. Pursuant to the by-laws, the officers of the Company are elected by the Board of Directors. Vacancies among the officers shall be filled by the Board of Directors.

The elected officers and their respective titles at December 31, 2006 follow:

<u>Name</u>	<u>Title</u>
T Michael Miller	Chairman of the Board, President and Chief Executive Officer
Alex C. Archimedes	Senior Vice President
Andrew C. Carnase	Senior Vice President
Michael J. Daly	Senior Vice President
Eugene C. Fazzie	Senior Vice President
Thomas L. Forsyth	Senior Vice President and General Counsel
Dana P. Hendershott	Senior Vice President and Chief Administrative Officer
Michael R. Keane	Senior Vice President
Paul H. McDonough	Senior Vice President and Chief Financial Officer
Michael J. Sally	Senior Vice President
John M. Meuschke	Senior Vice President
Michael E. Natan	Senior Vice President and Chief Information Officer
Donald P. Nibouar	Senior Vice President
Brian D. Poole	Senior Vice President and Chief Actuary
Kevin J. Rehnberg	Senior Vice President
Thomas N. Schmitt	Senior Vice President and Chief Human Resources Officer
Roger M. Singer	Senior Vice President
Kathleen M. Taylor	Senior Vice President
Dennis R. Smith	Secretary
Frederick J. Turcotte	Vice President and Treasurer



### **Conflict of Interest Procedures**

The Company has adopted a policy statement pertaining to conflict of interest. The Company has an established procedure for the disclosure to the Board of Directors of any material interest or affiliation on the part of any officer or Director, which is in or is likely to conflict with his/her official duties.

Annually, each officer, Director and responsible employee completes a questionnaire disclosing any material conflicts of interest. The completed questionnaires were reviewed, and no discrepancies were noted in the responses to the General Interrogatories regarding conflicts of interest as reflected in the Company's 2006 Annual Statement.

### **Management Continuity and National Emergency**

The Company provides for the continuity of management in the event of a catastrophe or other emergency in accordance with sections 180M through 180Q of Chapter 175 of the Massachusetts General Laws.

### **Corporate Records**

#### *Articles of Incorporation and By-laws*

The by-laws and Articles of Incorporation and amendments thereto were read. There was one change to the by-laws since the prior examination. This change was made to include an indemnification clause and was properly filed with the Secretary of the Commonwealth of Massachusetts.

### **AFFILIATED COMPANIES**

Per Form B, as filed with the Division, the Company is a member of a holding company system and is subject to the registration requirements of Chapter 175, Section 206C of the Massachusetts General Laws. The Company is a wholly owned subsidiary of The Employers' Fire Insurance Company, a Massachusetts domiciled property and casualty insurance company, which is a wholly owned subsidiary of OneBeacon Insurance Company, a Pennsylvania domiciled property and casualty insurance company which is a wholly owned subsidiary of OneBeacon Insurance Group LLC, an insurance holding company domiciled in the state of Delaware. OneBeacon Insurance Group LLC is an indirect wholly owned subsidiary of OneBeacon Insurance Group, Ltd., a publicly traded insurance holding company domiciled in Bermuda. White Mountain Insurance Group, Ltd., also an insurance holding company domiciled in Bermuda, is the "ultimate controlling person" for the Company, and indirectly owned 72.4% of the outstanding shares of OneBeacon Insurance Group, Ltd. as of December 31, 2006.

### **Corporate Governance**

OneBeacon Insurance Group, Ltd. is a publicly traded company listed on the New York Stock Exchange ("NYSE"). As such, OneBeacon Insurance Group, Ltd. is subject to the rules and regulations of the Sarbanes-Oxley Act of 2002, the Securities Exchange Commission and the NYSE. OneBeacon Insurance Group, Ltd. has ultimate fiduciary responsibilities for the



Company's operations, corporate actions, and treatment of constituents, particularly, policyholders, claimants, employees, shareholders, etc.

It should be noted that OneBeacon Insurance Group, Ltd. has an audit committee of its Board of Directors that is comprised of "independent" Directors; it meets four times a year, appears to have a financially sound acumen within its outside Directors composition; is ultimately responsible to the full Board for outside external auditor selection (CPA firm) and for review of such services, for the financial reporting accounting and disclosure environment, for the internal control environment from which the corporation operates, and for control of selection of other consulting firms services as to "independence" from a "sound practices" perspective.

### **Transactions and Agreements with Subsidiaries and Affiliates**

#### *Investment Management Agreement*

The Company maintains an agreement with White Mountains Advisors, LLC to act as investment advisor. Under this agreement, White Mountains Advisors, LLC provides investment management services, including the investment and reinvestment of the Company's invested assets. The fee for these services is paid on a quarterly basis at rates applied to its investment portfolio.

#### *Tax Sharing Agreement*

The Company is a party to a consolidated income tax agreement which covers the allocation, settlement and financial statement presentation of current federal income taxes among companies included in the consolidated income tax return of the Fund America Financial Services, Inc. and its subsidiaries.

### **ORGANIZATION CHART**

White Mountains Insurance Group, Ltd. (Bermuda)  
  White Mountains Holdings Bermuda, Ltd. (Bermuda)  
    OneBeacon Insurance Group, Ltd. (Bermuda) (72.4%)  
      Mill Shares Holdings (Bermuda), Ltd.  
        OneBeacon Holdings (Gibraltar), Ltd.  
          OneBeacon Holdings (Luxembourg) S.a.r.l.  
            Fund American Financial Services, Inc. (DE)  
              Fund American Enterprise Holdings, Inc. (DE)  
              Fund American Companies, Inc. (DE)  
              OneBeacon Insurance Group LLC (DE)  
              OneBeacon Insurance Company (PA)  
                Atlantic Specialty Insurance Company (NY)  
                AutoOne Insurance Company (NY)  
                AutoOne Select Insurance Company (NY)  
                Homeland Insurance Company of New York (NY)  
                Farmers and Merchants Insurance Company (OK)  
                Midwestern Insurance Company (OK)  
                Traders and General Insurance Company (TX)  
                OneBeacon America Insurance Company (MA)  
                  York Insurance Company of Maine (ME)  
                  OneBeacon Lloyd's of Texas (TX)  
                  The Employers' Fire Insurance Company (MA)

## **Organizational Chart, Continued**

**Massachusetts Homeland Insurance Company (MA)**  
The Northern Assurance Company of America (MA)  
OneBeacon Midwest Insurance Company (WI)  
The Camden Fire Insurance Company (NJ)  
Pennsylvania General Insurance Company (PA)  
American Employers' Insurance Company (MA)  
American Central Insurance Company (MO)  
Potomac Insurance Company (PA)  
New Jersey Skylands Management LLC Attorney-In-Fact (DE)  
New Jersey Skylands Insurance Association (NJ)  
New Jersey Skylands Insurance Company (NJ)  
Adirondack AIF, LLC Attorney-In-Fact (NY)  
Adirondack Insurance Exchange (NY)  
Houston General Insurance Management Company Attorney-In-Fact (TX)  
Houston General Insurance Exchange (TX)  
Houston General Insurance Company (TX)

## **FIDELITY BOND AND OTHER INSURANCE**

The Company maintains fidelity coverage with an authorized Massachusetts insurer, consistent with Massachusetts General Laws, Chapter 175, Section 60. The aggregate limit of liability exceeds the NAIC suggested minimum.

The Company has further protected its interests and property by policies of insurance covering other insurable risks. Coverage is provided by insurers licensed in the Commonwealth of Massachusetts and was in force as of December 31, 2006.

## **INSURANCE PRODUCTS AND RELATED PRACTICES**

### **Territory and Plan of Operation**

The Company is licensed to write business only in Massachusetts. The company only writes private passenger and commercial automobile coverage, which is 100% ceded to OneBeacon Insurance Company.

### **Treatment of Policyholders and Claimants – Market Conduct**

During the financial examination of the Company, the Division's Market Conduct Section initiated a comprehensive market conduct examination of Massachusetts business of certain members of the OneBeacon Insurance Group, including the Company, for the period January 1, 2006 through June 30, 2007. The market conduct examination was called pursuant to authority in Massachusetts General Laws Chapter 175, Section 4. The market conduct examination was conducted at the direction of, and under the overall management and control of, the Market Conduct Examination Staff of the Division. Representatives from the firm of Rudmose & Noller Advisors, LLC were engaged to complete certain agreed upon procedures which were developed using the guidance and standards of the NAIC Market Conduct Examiner's Handbook, the market conduct examination standards of the Division, and the Commonwealth of Massachusetts insurance laws, regulations and bulletins. The basic business areas reviewed under this market conduct examination are company operations/management; complaint handling; marketing and

sales; producer licensing; policyholder services; underwriting and rating; claims; and an assessment of the Company's internal control environment. Once this market conduct examination is completed, a Report on the Comprehensive Market Conduct Examination of the Massachusetts domiciled members of the OneBeacon Insurance Group for the period January 1, 2006 through June 30, 2007 will be issued and become available as a public document.

### **REINSURANCE**

As of January 1, 1999, the Company is party to 100% quota share agreement with OneBeacon Insurance Company. The Company is not a member of the OneBeacon Inter-Company Reinsurance Pool (the "OneBeacon Pool") and therefore does not assume any reinsurance from affiliates. All reinsurance (ceded and assumed) associated with Commonwealth Automobile Reinsurers (CAR), the Massachusetts automobile reinsurance facility, is administered after the 100% quota-share cession to OneBeacon Insurance Company. This business is included in the quota share agreement and is retro-ceded to and assumed by OneBeacon Insurance Company.

### **ACCOUNTS AND RECORDS**

The Company's internal control structure was discussed with management through questionnaires and through a review of the work performed by the Company's independent Certified Public Accountants, PricewaterhouseCoopers LLP, including work papers generated to support the requirements of the Sarbanes-Oxley Act of 2002. As part of its engagement for the Pennsylvania Insurance Department, RSM McGladrey performed a review and evaluation of the control environment of OneBeacon Group's IT systems. The NAIC's Information Systems Questionnaire (ISQ) completed by the Company was reviewed and interviews with Company management and IT staff were conducted to gather supplemental information and corroborate the Company's responses to the ISQ. Included was a review of the documentation supporting Management and Organization Controls, Application Systems Development and Maintenance Controls, Operating and Processing Controls, Logical and Physical Security Controls, Contingency Planning Controls, Personal Computer, Local Area Network (LAN), Wide Area Network (WAN) and Internet Controls. The control environment of the Company's information systems was found to have in place sufficient internal controls.

No material internal control weaknesses were noted in connection with the examination, nor were any such matters reported in the CPA firm's filings with the Division.

The Company uses an automated general ledger system. Trial balances were traced from the general ledger and supporting documents to the 2006 Annual Statement. No material exceptions were noted.

**FINANCIAL STATEMENTS**

The following financial statements are presented on the basis of accounting practices prescribed or permitted by the Division of Insurance of the Commonwealth of Massachusetts and by the NAIC as of December 31, 2006.

Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2006

Statement of Income for the Year Ended December 31, 2006

Statement of Capital and Surplus as of December 31, 2006

Reconciliation of Capital and Surplus for Each Year in the Five Year Period Ended December 31, 2006

For Information Purposes Only

Massachusetts Homeland Insurance Company  
Statement of Assets, Liabilities, Surplus and Other Funds  
As of December 31, 2006

	As Reported by the Company	Examination Changes	Per Statutory Examination
<b>Assets</b>			
Bonds	\$3,686,223		\$3,686,223
Cash and short-term investments	6,064,776		6,064,776
Other invested assets	22,000		22,000
Subtotals, cash and invested assets	9,772,999		9,772,999
Investment income due and accrued	51,142		51,142
Net deferred tax asset	14,172		14,172
Total Assets	\$9,838,313		\$9,838,313

For Information Purposes Only

Massachusetts Homeland Insurance Company  
Statement of Assets, Liabilities, Surplus and Other Funds (Continued)  
As of December 31, 2006

	As Reported by the Company	Examination Changes	Notes	Per Statutory Examination
<b>Liabilities</b>				
Loss and loss adjustment expense reserves	\$ 0		1	\$ 0
Other expenses	7,698			7,698
Current federal and foreign income taxes	45,000			45,000
Payable to parent, subsidiaries and affiliates	3,553			3,553
Total Liabilities	<u>56,251</u>			<u>56,251</u>
Common capital stock	1,300,000			1,300,000
Gross paid in and contributed surplus	3,000,000			3,000,000
Unassigned funds (surplus)	<u>5,482,062</u>			<u>5,482,062</u>
Surplus as regards policyholders	<u>9,782,062</u>			<u>9,782,062</u>
Total Liabilities, Capital and Surplus	<u>\$9,838,313</u>			<u>\$9,838,313</u>

Massachusetts Homeland Insurance Company  
Statement of Income  
For the Year Ended December 31, 2006

	As Reported by the Company	Examination Changes	Per Statutory Examination
Net investment income	\$429,120		\$429,120
Net realized capital gains	(103,684)		(103,684)
Net investment gain	325,436		325,436
Net income before dividends to policyholders and before federal and foreign income taxes	325,436		325,436
Federal and foreign income taxes incurred	150,744		150,744
Net Income	\$174,692		\$174,692

For Information Purposes Only



Massachusetts Homeland Insurance Company  
Statement of Capital and Surplus  
For the Year Ended December 31, 2006

	As Reported by the Company	Examination Changes	Per Statutory Examination
Capital and Surplus, December 31, prior year	\$9,594,343		\$9,594,343
Net Income	174,692		174,692
Change in net unrealized capital gains or (losses)	(1,144)		(1,144)
Change in net unrealized foreign exchange	0		0
Change in deferred tax	40,615		40,615
Change in nonadmitted assets	(26,444)		(26,444)
Paid in surplus adjustments	0		0
Dividends to stockholders	0		0
Change in surplus	\$187,719		\$187,719
Capital and Surplus, December 31, current year	\$9,782,062		\$9,782,062

Massachusetts Homeland Insurance Company  
Reconciliation of Capital and Surplus  
For Each Year in the Five Year Period Ended December 31, 2006

	2006	2005	2004	2003	2002
Capital and Surplus, December 31, prior year	\$9,594,343	\$10,323,653	\$10,120,343	\$9,949,245	\$9,531,172
Net Income	174,692	269,546	195,704	171,901	418,589
Change in net unrealized capital gains or (losses)	(1,144)	0	0	0	0
Change in net unrealized foreign exchange	0	0	0	0	0
Change in deferred tax	40,615	3,469	7,606	(803)	(518)
Change in nonadmitted assets	(26,444)	(2,325)	0	0	0
Paid in surplus adjustments	0	0	0	0	0
Dividends to stockholders	0	(\$1,000,000)	0	0	0
Aggregate write-ins	0	0	0	0	0
Change in surplus	187,719	(729,310)	203,310	171,098	418,071
Capital and Surplus, December 31, current year	\$9,782,062	\$9,594,343	\$10,323,653	\$10,120,343	\$9,949,245

For Information Purposes Only

## **NOTES TO FINANCIAL STATEMENTS**

### **Note 1: - Loss and Loss Adjustment Expense Reserves**

As part of the coordinated financial examination of the OneBeacon Insurance Companies by the Pennsylvania Insurance Department, the “lead state” of the group, it retained the actuarial services of KPMG LLP (“KPMG”) to perform an actuarial analysis of the loss and loss adjustment expense (“LAE”) reserves of the OneBeacon Pool, which includes all reinsured affiliates as of December 31, 2006. KPMG has made an independent assessment of the OneBeacon Pool’s loss and LAE reserves as of December 31, 2006 to determine whether the reserve amounts carried are reasonably stated in accordance with sound actuarial principals. This analysis was performed both gross and net of reinsurance.

The Company is not a member of the OneBeacon Pool, however the Company has in place a 100% quota share reinsurance agreement with OneBeacon Insurance Company whereby its cedes all underwriting activity, including loss and LAE reserves to OneBeacon Insurance Company, which in-turn retro-cedes this business to the OneBeacon Pool. As such, the Company does not retain any net underwriting risks and records no net liabilities in its financial statements for losses and LAE reserves.

KPMG has concluded that based on its review of OneBeacon’s loss and LAE reserve calculations, as well as its own independent testing, that the loss and LAE reserves held by the OneBeacon Pool are reasonably stated and fall within a range of reasonableness as of December 31, 2006.

The Company’s gross, ceded, and net loss and LAE reserves as reported in the Exhibits and Schedules of its Annual Statement as of December 31, 2006 were as follows: (in thousands of dollars)

	Case and IBNR Loss Reserves	Case and IBNR LAE Reserves
Gross	\$62,799	\$4,379
Ceded	(62,700)	(4,379)
Net	-0-	-0-

**ACKNOWLEDGEMENT**

Acknowledgment is made of the cooperation and courtesies extended by the officers and employees of the Company to all the examiners and RSM McGladrey, Inc. during the course of the examination.

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John M. Curran, CFE  
Supervising Examiner and Examiner-in-Charge  
Commonwealth of Massachusetts  
Division of Insurance  
Representing Northeastern Zone, NAIC

For Information Purposes Only