



December 3, 2009

To Our Commercial Lines Agencies:

Today we announced that we have sold the renewal rights to our non-specialty commercial lines business to The Hanover Insurance Group. This agreement includes all of OneBeacon's small commercial and non-specialty middle-market business beginning with January 1st effective dates. We are retaining our Specialty Lines including our Technology, Financial Services, Excess Property and Property Inland Marine businesses, and Personal Lines, and will continue investing for profitable growth in these segments.

So what drove this decision? We have concluded that we don't have the scale or sufficient unique advantages to continually drive acceptable returns in the highly crowded and competitive commercial segment. As your agency is already appointed by The Hanover, this is an opportunity to strengthen your existing relationship and service your OneBeacon commercial clients with a carrier you know well. You will be hearing directly from a Hanover representative shortly.

As this transaction takes effect next year, your agency's 2009 OneBeacon commissions, profit sharing and supplemental compensation agreements are not impacted and will be paid consistent with the terms of these agreements. We will also pay profit sharing for 2010 eligible earned premium for those policies in-force as of 12.31.09. Furthermore, if your agency is appointed by other OneBeacon businesses, those contractual appointments and related profit-sharing agreements remain active.

This step demonstrates OneBeacon's principal focus as a specialty insurance company, with roughly \$1 billion - or two-thirds - of our premiums now driven by Specialty Lines. We are excited about our future and grateful for your business over the years. Both companies will work hard to ensure a smooth transition for your agency and your customers. Please feel free to contact me or anyone at OneBeacon if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Drew".

Drew Carnase
Senior Vice President Commercial Lines
dcarnase@onebeacon.com