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**FORM A**

**STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR  
MERGER WITH A DOMESTIC INSURER**

**HOMESITE INSURANCE COMPANY OF THE MIDWEST**

(the "Insurer")

by

**ALLEGHANY INSURANCE HOLDINGS LLC**

(the "Applicant")

**Filed with the Michigan Office of Financial and Insurance Services**

Dated: November 9, 2007

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OFIS  
LANSING, MICHIGAN

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## INTRODUCTION AND OVERVIEW OF ACQUISITION

On December 8, 2006, Alleghany Insurance Holdings LLC, a Delaware limited liability company (the "Applicant"), filed an application with the Michigan Office of Financial and Insurance Services (the "OFIS") for a determination that the Applicant would not control Homesite Insurance Company of the Midwest (the "Insurer"), a wholly-owned subsidiary of Homesite Group Incorporated ("Homesite"), upon the consummation of the transactions contemplated by the Stock Purchase Agreement dated as of December 5, 2006, between the Applicant and Homesite (the "Acquisition Agreement"). The determination was received on December 21, 2006, based on the facts and circumstances that follow. (Copies of the application and the determination are attached hereto as **Exhibits 1** and **2**, respectively.) The holders of shares of Homesite, representing at that time approximately 59% of the outstanding shares of Homesite (after giving effect to the purchase of the shares by the Applicant pursuant to the Acquisition Agreement), were parties to a Shareholders Agreement (as defined below) that governed, among other things, the composition of the board of directors of Homesite. The Applicant did not have any right under the terms of the Acquisition Agreement to become a party to the Shareholders Agreement or to enjoy any of the rights and benefits (including the right to representation on the board of directors) provided by the Shareholders Agreement to the shareholders of Homesite that were parties to the Shareholders Agreement.

The provisions regarding composition of the board of directors of Homesite set forth in the Shareholders Agreement, which would have expired on October 31, 2007, have been extended by the parties to the Shareholders Agreement and will now expire December 14, 2007, unless further extended. In the absence of a shareholders agreement, the Applicant would like to be able to exercise its rights as an approximately 33% owner; in the alternative, it is possible that either the Applicant will become a party to a replacement shareholders agreement, pursuant to which the Applicant may have a right to representation on the board of directors, or that the existing Shareholders Agreement may be further extended beyond December 14, 2007, and that one or more representatives of the Applicant will be invited to join the board of directors, an invitation that the Applicant would intend to accept. The Applicant is therefore now seeking the OFIS's approval to become a controlling party of the Insurer.

### ITEM 1. METHOD OF ACQUISITION

#### (a) Insurer

This Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer (this "Statement") seeks the prior approval of the Insurance Commissioner of the State of Michigan (the "Commissioner") for the acquisition of control, as described herein (the "Acquisition"), of the Insurer. The Insurer is an indirect, wholly-owned subsidiary of Homesite. The acquiring party is the Applicant. The Applicant is a direct, wholly-owned subsidiary of Alleghany Corporation ("Alleghany"), a publicly traded corporation that is listed on the New York Stock Exchange.

The name and address of the Insurer to which this Statement relates are as follows:

Homesite Insurance Company of the Midwest  
c/o Kelsch, Kelsch Ruff & Kranda  
103 Collins Avenue  
Mandan, North Dakota 58554

The Insurer, a North Dakota-domiciled insurer commercially domiciled in Michigan, is an indirect, wholly-owned subsidiary of Homesite. Homesite, through its subsidiaries, including the Insurer, is a provider of homeowners insurance.

**(b) Method of Acquisition**

The Applicant and Homesite entered into the Acquisition Agreement dated as of December 5, 2006, pursuant to which, on December 29, 2006 (subsequent to receipt of a determination by the OFIS that the Applicant would not control the Insurer), the Applicant purchased 85,714 shares of common stock of Homesite (the "Shares") representing (after giving effect to the issuance of the Shares to the Applicant) approximately 32.9% of the issued and outstanding shares of common stock of Homesite for cash consideration of \$119,999,600. A copy of the Acquisition Agreement is attached as **Exhibit 3** hereto.

In connection with the execution and delivery of the Acquisition Agreement between the Applicant and Homesite, on December 11, 2006, the Applicant filed with the OFIS an application for a determination pursuant to Sections 500.1317 and 500.1332 of the Michigan Insurance Law that the Applicant would not control the Insurer, a copy of which is attached hereto as **Exhibit 1**. The OFIS issued such determination by letter dated December 21, 2006, a copy of which is attached hereto as **Exhibit 2**.

**ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT**

**(a) Name and Business Address**

The name and principal business address of the Applicant is as follows:

Alleghany Insurance Holdings LLC  
7 Times Square Tower  
17th Floor  
New York, New York 10036  
(212) 752-1356

**(b) The Applicant's Business Operations**

The Applicant is a Delaware limited liability company and a direct, wholly-owned subsidiary of Alleghany, a publicly traded corporation that is listed on the New York Stock Exchange. The Applicant is engaged, through its direct subsidiaries RSUI Group, Inc. (together with its subsidiaries, the "RSUI Companies"), AIHL Re LLC ("AIHL Re"), Capitol Transamerica Corporation (together with its subsidiaries and including the Applicant's direct subsidiary Platte

River Insurance Company, the "Capitol Companies"), Darwin Group, Inc. (together with its subsidiaries, the "Darwin Companies") and Employers Direct Corporation (together with its subsidiaries, "Employers Direct"), in the property and casualty insurance and reinsurance businesses and in the business of writing workers' compensation insurance on a direct basis in the State of California. The RSUI Companies and the Capitol Companies are rated "A" (Excellent) by A.M. Best, and the Darwin Companies and Employers Direct are rated "A-" (Excellent) by A.M. Best.

Attached hereto as **Exhibits 4 through 8** are copies of Alleghany's 2002 through 2006 Annual Reports (including audited financial statements), and attached hereto as **Exhibit 9** is Alleghany's Quarterly Report to the Securities and Exchange Commission for the third quarter of 2007, which provide additional information regarding the Applicant's business operations. Attached hereto as **Exhibits 10 through 14** are copies of the Applicant's 2002 through 2006 Combined Annual Statements.

(c) **Organizational Chart**

Attached hereto as **Exhibit 15** is an organizational chart which presents the identities of and the inter-relationships among all affiliated persons of the Applicant. Each person shown is a corporation and is wholly-owned, unless otherwise indicated on the chart. The chart indicates the state of domicile of each person specified therein. To the best knowledge of the Applicant, no court proceedings looking toward a reorganization or liquidation are pending with respect to any such person.

**ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT**

The Applicant is a wholly-owned subsidiary of Alleghany. A list of all the directors and executive officers of the Applicant is attached hereto as **Exhibit 16**. Completed biographical affidavit forms executed by all of the directors and executive officers of the Applicant are attached hereto as **Exhibit 17**.

**ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION**

(a) **Nature, Source and Amount of Consideration**

The aggregate purchase price for the Shares was \$119,999,600. The Applicant utilized cash on hand, together with a cash capital contribution that was made to the Applicant by Alleghany, to fund the payment of the purchase price for the Shares.

(b) **Criteria Used in Determining Consideration**

The aggregate purchase price for the Shares was determined through arm's-length negotiations between the parties to the Acquisition Agreement.

(c) **Loans**

No loans were a source of any of the consideration to purchase the Shares.

## **ITEM 5. FUTURE PLANS FOR INSURER**

The Applicant does not have any plans for the Insurer other than for the Insurer to continue to implement its current business plan. The Applicant does not have any present plan or proposal to liquidate the Insurer, to sell its assets, to merge or cause it to consolidate with any person or persons, or to make any other material change in the Insurer's business operations, corporate structure or management. The Applicant understands that a portion of the proceeds of the sale of the Shares to the Applicant has been used by Homesite to support the expansion of the business of Homesite's insurance subsidiaries.

Since the purchase of the Shares pursuant to the Acquisition Agreement occurred in December 2006, and there have been no changes to the Insurer's business plans as a result of such acquisition, a business plan and financial projections for the Insurer are not included with this Statement.

## **ITEM 6. VOTING SECURITIES TO BE ACQUIRED**

The Shares issued to the Applicant at the closing of the Acquisition on December 29, 2006, all of which were newly issued by Homesite, represent, at the time of closing and currently, approximately 32.9% of the 260,538.74 shares of common stock of Homesite issued and outstanding after giving effect to the transactions contemplated by the Acquisition Agreement. The terms of the purchase of the Shares by the Applicant are set forth in the Acquisition Agreement, a copy of which is attached hereto as **Exhibit 3**.

## **ITEM 7. OWNERSHIP OF VOTING SECURITIES**

Other than with respect to the Acquisition Agreement as described in Item 1(b) above under the heading "Method of Acquisition," neither the Applicant nor any of its affiliates nor any director or executive officer of the Applicant owns beneficially for its own account any of the voting securities of either the Insurer or Homesite.

## **ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER**

The purchase of the Shares described herein was effected pursuant to the terms of the Acquisition Agreement. Except as discussed herein and pursuant to the terms of the Acquisition Agreement, there are no contracts, arrangements, or understandings directly or indirectly relating to any voting securities of the Insurer or Homesite involving the Applicant, any of its affiliates, or any of the directors or executive officers of the Applicant including, but not limited to, the transfer of any of the Shares purchased by the Applicant pursuant to the Acquisition Agreement, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against losses or guarantees of profits, division of losses or profits, or the giving or withholding of proxies, other than the following:

(1) The Acquisition Agreement provided for certain tag-along and drag-along rights in the event of a sale, prior to October 31, 2007, of shares of common stock representing more than 50% of the issued and outstanding shares of common stock of Homesite.

(2) Homesite was formed in 1997. In connection with the formation of Homesite, the founding shareholders entered into a Shareholders Agreement which was superseded by an Amended and Restated Shareholders Agreement dated as of February 27, 2004 (the Amended and Restated Shareholders Agreement, the "Shareholders Agreement"). Prior to the consummation of the purchase of the Shares by the Applicant, in December 2006, the shareholders party to the Shareholders Agreement represented approximately 88% of the issued and outstanding shares of common stock of Homesite. After giving effect to the purchase of the Shares by the Applicant in December 2006, the shareholders party to the Shareholders Agreement represented approximately 59% of the issued and outstanding shares of common stock of Homesite. The Shareholders Agreement governed, among other things, the composition of the board of directors of Homesite.

Pursuant to the terms of the Shareholders Agreement, the provisions regarding board composition set forth in the Shareholders Agreement were scheduled to expire on October 31, 2007. However, on October 19, 2007, the parties to the Shareholders Agreement agreed to extend the provisions of the Shareholders Agreement relating to board composition until December 14, 2007 (the "Extension"). Although the Applicant is not currently a party to the Shareholders Agreement and the terms of the Acquisition Agreement did not provide the Applicant with any right to become a party thereto or with any right to representation on the board of directors of Homesite, the Applicant anticipates that, upon expiration of the Extension or at some other future date, the Shareholders Agreement will be replaced by a comparable agreement to which the Applicant will be a party and that such successor agreement will provide Applicant with a right to representation on the board of directors of Homesite. It is also possible that the existing Shareholders Agreement may be further extended beyond December 14, 2007, and that one or more representatives of the Applicant would be invited to join the board of directors of Homesite, an invitation the Applicant would intend to accept. Alternatively, if the Shareholders Agreement terminates and is not replaced, the Applicant will be able to exercise its rights as an owner of approximately 33% of the stock of Homesite, which could lead to representation on the board of directors of Homesite.

#### **ITEM 9. RECENT PURCHASES OF VOTING SECURITIES**

During the twelve calendar months preceding the filing of this Statement, except for the purchase of the Shares pursuant to the Acquisition Agreement as described in Item 1(b) above, there have been no acquisitions, direct or indirect, of any voting securities of either the Insurer or Homesite, which were effected by the Applicant, any of its affiliates, or any of the directors or executive officers of the Applicant.

#### **ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE**

Except in connection with the purchase of the Shares in December 2006 described elsewhere in this Statement, none of the Applicant, any of its affiliates, any of the directors or executive officers of the Applicant, or, to the best knowledge of the Applicant, any person based upon interviews or at the suggestion of any of such persons, has made any recommendation to acquire any voting security of the Insurer or Homesite during the twelve calendar months preceding the filing of this Statement.

## **ITEM 11. AGREEMENTS WITH BROKER-DEALERS**

No agreement, contract or understanding has been made by the Applicant with any broker-dealer as to solicitation of voting securities of either the Insurer or Homesite for tender.

## **ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS**

1. Application for a Determination Pursuant to Sections 500.1317 and 500.1332 of the Michigan Insurance Law that Alleghany Insurance Holdings LLC would not control Homesite Insurance Company of the Midwest.
2. Exemption from Filing a Form A as a Result of the Purchase of Shares of Homesite Group Incorporated granted by the Michigan Office of Financial and Insurance Services.
3. Stock Purchase Agreement dated as of December 5, 2006 by and between Homesite Group Incorporated and Alleghany Insurance Holdings LLC.
4. Alleghany Corporation Annual Report and 10-K for 2006 (including audited financial statements of Alleghany for the year ended December 31, 2006).
5. Alleghany Corporation Annual Report and 10-K for 2005 (including audited financial statements of Alleghany for the year ended December 31, 2005).
6. Alleghany Corporation Annual Report for 2004 (including audited financial statements for the year ended December 31, 2004).
7. Alleghany Corporation Annual Report for 2003 (including audited financial statements for the year ended December 31, 2003).
8. Alleghany Corporation Annual Report for 2002 (including audited financial statements for the year ended December 31, 2002).
9. Alleghany Corporation Quarterly Report to the Securities and Exchange Commission for the quarter ended September 30, 2007.
10. Combined Annual Statement of Capitol Indemnity Corporation, Platte River Insurance Company and RSUI Indemnity Company and their Affiliated Property & Casualty Insurers for the year ended December 31, 2006.
11. Combined Annual Statement of Capitol Indemnity Corporation, Platte River Insurance Company and RSUI Indemnity Company and their Affiliated Property & Casualty Insurers for the year ended December 31, 2005.
12. Combined Annual Statement of Capitol Indemnity Corporation, Platte River Insurance Company and RSUI Indemnity Company and their Affiliated Property & Casualty Insurers for the year ended December 31, 2004.

13. Combined Annual Statement of Capitol Indemnity Corporation, Platte River Insurance Company and RSUI Indemnity Company and their Affiliated Property & Casualty Insurers for the year ended December 31, 2003.
14. Annual Statement of Alleghany Group (Capitol Indemnity Corporation and Platte River Insurance Company) for the year ended December 31, 2002.
15. Organizational Chart for the Applicant.
16. List of Directors and Executive Officers of the Applicant.
17. Biographical Affidavits of the Directors and Executive Officers of the Applicant.

Other than as discussed herein, there were no tender offers for, requests or invitations for, tenders of, exchange offers for, or agreements to acquire or exchange any voting securities of the Insurer, or any solicitation materials relating thereto, in connection with the purchase of the Shares, nor were there any employment, consultation, advisory, managing general agent, controlling producer, or management contracts concerning the Insurer.

ITEM 13. SIGNATURE AND CERTIFICATION

SIGNATURE

Pursuant to the requirements of Section 1311 of the Ins. Code of 1956, as amended, Alleghany Insurance Holdings LLC has caused this application to be duly signed on its behalf in the City of New York and State of New York, on the 9<sup>th</sup> day of November, 2007.


(SEAL)

ALLEGHANY INSURANCE HOLDINGS LLC

By:

  
Roger B. Gorham  
Senior Vice President

Attest:

  
Christopher K. Dalrymple  
Secretary

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated November 9<sup>th</sup>, 2007, for and on behalf of Alleghany Insurance Holdings LLC; that he is the Senior Vice President of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with the instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.

  
Roger B. Gorham