

FORM A

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

ESURANCE INSURANCE COMPANY

and

ESURANCE INSURANCE COMPANY OF NEW JERSEY

(Each a "Domestic Insurer", together the "Domestic Insurers")

By

THE ALLSTATE CORPORATION

and

ALLSTATE INSURANCE HOLDINGS, LLC

(Each an "Applicant", together the "Applicants")

Filed with the Office of the Commissioner of Insurance, State of Wisconsin

Dated: June 15, 2011

Name, title, address and telephone number of each individual to whom notices and correspondence concerning this Form A should be addressed:

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INTRODUCTION AND OVERVIEW OF PROPOSED TRANSACTION

This Form A Statement (the "Form A") seeks the prior approval of the Commissioner of Insurance of the State of Wisconsin (the "Commissioner") for the acquisition of control of the following two Wisconsin-domiciled stock property and casualty insurance companies: (i) Esurance Insurance Company ("EIC") and (ii) Esurance Insurance Company of New Jersey ("EICNJ") and, together with EIC, the "Domestic Insurers"). The acquiring parties are The Allstate Corporation, a Delaware corporation ("Allcorp"), and Allstate Insurance Holdings, LLC, a Delaware limited liability company whose sole member is Allcorp ("AIH"), and together with Allcorp, the "Applicants").

As explained in more detail below, Allcorp has entered into a stock purchase agreement with White Mountains Holdings (Luxembourg) S.A R.L., a Luxembourg *société à responsabilité limitée* ("White Mountains Holdings"), to acquire in an all-cash transaction (the "Proposed Transaction") all of the issued and outstanding capital stock of the following two direct subsidiaries of White Mountains Holdings: (i) White Mountains, Inc. ("WMI"), a corporation organized under the laws of Delaware (the "WMI Shares") and (ii) Answer Financial Inc. ("AFI"), a corporation organized under the laws of Delaware (the "AFI Shares"). It is currently anticipated that immediately following the closing of the Proposed Transaction (the "Closing"), Allcorp will contribute (i) the WMI Shares to AIH and (ii) the AFI Shares to Allstate Non-Insurance Holdings, Inc., a Delaware corporation and a wholly owned subsidiary of Allcorp.

WMI is a holding company which directly owns all of the issued and outstanding stock of Esurance Holdings, Inc., a corporation organized under the laws of Delaware ("EHI"). EHI directly owns all of the issued and outstanding stock of EIC, which itself directly owns all of the issued and outstanding stock of EICNJ. EIC also owns all of the issued and outstanding stock of Esurance Property and Casualty Insurance Company, a California domestic insurer ("EPCIC" and, together with the Domestic Insurers, the "Esurance Insurers"). AFI is a holding company which, among other things, is the sole member of Insurance Answer Center, LLC, a licensed insurance agency ("IAC").

Following the Proposed Transaction, Allcorp will be the "ultimate controlling person" (within the meaning of the insurance law) of the Domestic Insurers. A "Form A" filing relating to the proposed acquisition by the Applicants of EPCIC has been filed with the California Department of Insurance.

Item 1. INSURER AND METHOD OF ACQUISITION

(a) Domestic Insurers

The names of the Domestic Insurers to which this Form A relates are Esurance Insurance Company and Esurance Insurance Company of New Jersey. The Domestic Insurers have their statutory offices at 4005 Felland Road, Madison, Wisconsin 53718, and their main administrative offices at 650 Davis Street, San Francisco, California 94111.

(b) Method of Acquisition

Pursuant to the terms of a stock purchase agreement, dated as of May 17, 2011, by and between Allcorp and White Mountains Holdings (the "Stock Purchase Agreement"), and subject to the terms and conditions set forth therein, Allcorp will purchase from White Mountains Holdings the WMI Shares and the AFI Shares. The aggregate purchase price to be paid in connection with the Proposed Transaction is the sum, subject to adjustment as provided in the Stock Purchase Agreement, of (i) \$700 million and (ii) the tangible book value of the acquired entities as of the Closing. The total purchase price is expected to be approximately \$1 billion. A copy of the Stock Purchase Agreement is attached hereto as Exhibit 1 and is incorporated herein by reference.

The Proposed Transaction is subject to various customary conditions to closing, including receipt of all required regulatory approvals. Provided all required regulatory approvals have been obtained, and all of the closing conditions are satisfied or waived, the parties plan for the Closing to take place in the third quarter of 2011.

Item 2. IDENTITY AND BACKGROUND OF THE APPLICANTS

(a) The Applicants

The name and principal business address of each Applicant is:

- (i) The Allstate Corporation
2775 Sanders Road
Northbrook, Illinois 60062
- (ii) Allstate Insurance Holdings, LLC
2775 Sanders Road
Northbrook, Illinois 60062

(b) Business Operations of the Applicants

(i) The Allstate Corporation

Allcorp is a publicly traded holding company which, together with its various subsidiaries (such subsidiaries, together with Allcorp, the "Allstate Group"), is the largest publicly held personal lines insurer in the U.S. The Allstate Group writes both property-liability insurance business (the "Allstate Property-Liability Operations") and life insurance and annuity business (the "Allstate Financial Segment Operations").

The Allstate Property-Liability Operations consist of two principal areas of business: (i) personal property and casualty insurance, primarily private passenger auto and homeowners insurance, which is provided to individuals in the United States and Canada ("Allstate Protection"), and (ii) discontinued lines and coverages ("Discontinued Lines and Coverages"). The Allstate Protection segment sells primarily private passenger auto and homeowners insurance to individuals through two separately branded operations: Allstate and Encompass. The Allstate branded operations sell policies predominately through exclusive

agencies, but consumers also may purchase policies directly from these operations through call centers and the internet. The Encompass branded operations sell auto and home policies exclusively through independent insurance agents. The Discontinued Lines and Coverages segment consists of business no longer written by the Allstate Group, including results from asbestos, environmental and other commercial businesses in run-off.

The Allstate Financial Segment Operations include the Allstate Group's business relating to life insurance, retirement and investment products, and voluntary accident and health insurance. In serving its customers, the Allstate Group provides such products through exclusive agencies, workplace distribution and non-proprietary distribution channels.

(ii) **Allstate Insurance Holdings, LLC**

AIH, which is a limited liability company whose sole member is Allcorp, is the holding company for the majority of Allcorp's insurance operations.

The Applicants have two primary objectives in entering into the Proposed Transaction. First, by acquiring the Esurance Insurers, the Applicants will expand their ability to serve customers that are self-directed but still prefer a branded insurance product. The Esurance Insurers offer personal auto insurance products directly to consumers in 30 states (covering 86% of the personal auto insurance market in the United States) by website and by phone. The Esurance Insurers also issue personal auto policies through select online agents and offer other types of insurance products through distribution agreements with third party insurers.

Second, by acquiring AFI and its subsidiary, IAC, the Applicants will strengthen their offering to individuals who want to be offered a choice between insurance carriers and are brand-neutral. IAC is one of the largest personal lines insurance agencies in the United States, and sells personal auto and property insurance in all 50 states, both online and over the telephone. Its website and call center sales agents provide consumers the opportunity to compare prices and purchase from more than 20 insurance carriers, including the Esurance Insurers.

(c) **Organizational Chart**

For the current organizational structure of the Applicants, please refer to the chart attached hereto as Exhibit 2 ("Pre-Acquisition Organizational Chart of the Applicants"). The chart present the identities of and interrelationships among the Applicants and all affiliates of the Applicants. Unless otherwise indicated, the entities identified in Exhibit 2 own or control 100% of the voting securities or other ownership interests in their respective subsidiaries as identified therein. As to each person specified on Exhibit 2, the state or other jurisdiction of domicile are set forth. Unless otherwise noted, there are currently no proceedings pending involving a reorganization or liquidation of the Applicants or their affiliates. To the Applicants' knowledge, no person owns 10% or more of the voting securities of Allcorp.

For an overview of the current organizational structure of the Domestic Insurers, please refer to Exhibit 3: "Pre-Acquisition Organizational Chart of the Domestic Insurers."

For an abbreviated organizational structure of the Applicants following completion of the Proposed Transaction, please refer to Exhibit 4: "Abbreviated Post-Acquisition Organizational Chart of the Applicants."

Item 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANTS

A list of all current executive officers and directors of the Applicants is attached hereto as Exhibit 5. No changes will be made to the directors and executive officers of the Applicants as a result of the Proposed Transaction. Completed Biographical Affidavit forms executed by the current directors and executive officers of the Applicants are provided as Exhibit 6.

Item 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

(a) Consideration

The consideration to be used by the Applicants to effect the Proposed Transaction is cash. As described previously, Allcorp will purchase from White Mountains Holdings the WMI Shares and the AFI Shares for the sum, subject to adjustment as provided in the Stock Purchase Agreement, of (i) \$700 million and (ii) the tangible book value of the acquired entities as of the Closing. The total purchase price is expected to be approximately \$1 billion.

The Proposed Transaction will be funded through internal resources of the Applicants. The Proposed Transaction is not subject to any financing contingency.

Prior to the Closing, EIC will seek the Commissioner's approval to pay an extraordinary dividend to its parent, EHI. The amount of the dividend will be equal to EIC's unassigned funds reported as of December 31, 2010, which is approximately \$46.5 million.

(b) Criteria Used in Determining Consideration

The nature and amount of the consideration to be paid in connection with the Proposed Transaction were determined by arm's-length negotiation among the parties to the Stock Purchase Agreement.

Allcorp has received the opinion of its financial advisor, Goldman, Sachs & Co., to the effect that, as of the date of the Stock Purchase Agreement, the consideration to be paid to White Mountains Holdings in connection with the Proposed Transaction is fair, from a financial point of view, to Allcorp.

Item 5. APPLICANTS' FUTURE PLANS FOR THE INSURER

Other than as described below, the Applicants have no present plans or proposals to: (i) liquidate the Domestic Insurers; (ii) sell their assets (other than such sales of assets as may be contemplated in the ordinary course of the Domestic Insurers' business) to or merge them with any person; or (iii) make any other major change in their business operations or corporate structure or management. From time to time following the Closing, the Applicants and the

management of the Domestic Insurers may evaluate the business and operations of the Domestic Insurers, including but not limited to the potential for expanding their product line offerings.

As a result of the Proposed Transaction, the Domestic Insurers will change their reinsurance programs. Currently, EICNJ cedes business to EIC pursuant to a 100% quota share reinsurance agreement, while EIC cedes business to affiliates of White Mountains Holdings pursuant to one in-force and four terminated reinsurance agreements. The Applicants intend for all of these reinsurance agreements to be commuted effective as of the Closing, and for each of the Domestic Insurers at that time to enter into new 100% quota share reinsurance agreements with an insurance company affiliate of the Applicants. The Domestic Insurers will file a Form D seeking the Commissioner's approval for the commutation of EIC's five ceded reinsurance agreements, and the Applicants will file a Form D seeking the Commissioner's approval of the commutation of the reinsurance agreement between the Domestic Insurers and the new quota share reinsurance agreements for each of EIC and EICNJ.

Also effective as of the Closing, the Domestic Insurers, as beneficiaries, will enter into a reinsurance trust agreement with a Pennsylvania domestic insurance company affiliate of White Mountains Holdings (OneBeacon Insurance Company), as grantor (the "Grantor"). The trust agreement relates to certain legacy obligations of the Domestic Insurers which were previously ceded to the Grantor, and will be submitted to the Commissioner for his approval by the Domestic Insurers in the Form D filing described above.

The Applicants plan to cause the Domestic Insurers to become a party to certain existing affiliate agreements between various insurers and service providers in the Allstate Group. These affiliate agreements include (i) an investment management agreement, (ii) a service and expense agreement, (iii) an information sharing agreement and (iv) a tax sharing agreement. The affiliate agreements to which the Domestic Insurers are proposed to become a party will be submitted to the Commissioner for his approval under a separate transmittal. The Domestic Insurers are currently party to an investment management agreement and a tax allocation agreement with certain affiliates of White Mountains Holdings, both of which will be terminated effective as of the Closing.

Concurrent with the execution of the Stock Purchase Agreement, EHI and AFI entered into employment agreements with certain members of their management teams, several of whom serve as directors and executive officers of the Domestic Insurers. These agreements are intended to ensure continuity of management and, to that end, each run for three year terms.

Attached hereto as Exhibit 7 is a Competitive Impact Statement demonstrating that the Proposed Transaction will not substantially lessen competition in Wisconsin or tend to create a monopoly therein.

Item 6. VOTING SECURITIES TO BE ACQUIRED

The Domestic Insurers are wholly owned indirect subsidiaries of WMI. As set forth in the Stock Purchase Agreement, Allcorp will acquire all of the issued and outstanding shares of common stock of WMI. Immediately thereafter, Allcorp will contribute the WMI

Shares to AIH. As a result, following the Proposed Transaction, the Domestic Insurers will be wholly-owned indirect subsidiaries of the Applicants.

Item 7. OWNERSHIP OF VOTING SECURITIES

Except as set forth in this Form A, none of the Applicants, any person controlling, controlled by or under common control with the Applicants, or any persons listed in Item 3 beneficially owns or has a right to acquire beneficially any voting securities of the Domestic Insurers or any securities convertible into or evidencing a right to acquire any such voting securities whether or not such right of conversion or acquisition is exercisable immediately or at some future time.

Item 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

Except as set forth in this Form A, there are no contracts, arrangements or understandings, whether oral or in writing, directly or indirectly relating to any voting securities of the Domestic Insurers or any securities convertible into or evidencing a right to acquire any such voting securities whether or not such right of conversion or acquisition is exercisable immediately or at some future time involving the Applicants, any person controlling, controlled by or under common control with the Applicants or any person listed in Item 3, including but not limited to transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies.

Item 9. RECENT PURCHASES OF VOTING SECURITIES

To the knowledge of the Applicants, there have been no purchases of any voting securities of the Domestic Insurers by the Applicants, any person controlling, controlled by or under common control with the Applicants or any person referred to in Item 3 during the 12 calendar months preceding the filing of this Form A.

Item 10. RECENT RECOMMENDATIONS TO PURCHASE

Except as described in this Form A, there have been no recommendations to purchase any voting security of the Domestic Insurers made by the Applicants, any person controlling, controlled by or under common control with the Applicants or any person listed in Item 3, or by anyone based upon interviews or at the suggestion of the Applicants, any person controlling, controlled by or under common control with the Applicants or any person listed in Item 3 during the 12 calendar months preceding the filing of this Form A.

Item 11. AGREEMENTS WITH BROKER-DEALERS

Except as described in this Form A, there is no agreement, contract or understanding made by the Applicants with any broker-dealer as to solicitation of voting securities of the Domestic Insurers for tender.

Item 12. FINANCIAL STATEMENTS AND EXHIBITS

(a) **Exhibits.** Following is a list of exhibits to this Form A:

The financial statements and exhibits attached to this Form A are as follows:

- Exhibit 1. Stock Purchase Agreement, dated as of May 17, 2011, by and between Allcorp and White Mountains Holdings.
- Exhibit 2. Pre-Acquisition Organizational Chart of the Applicants.
- Exhibit 3. Pre-Acquisition Organizational Chart of the Domestic Insurers.
- Exhibit 4. Abbreviated Post-Acquisition Organizational Chart of the Applicants.
- Exhibit 5. List of Current Executive Officers and Directors of the Applicants.
- Exhibit 6. Biographical Affidavits Executed by the Current Directors and Executive Officers of the Applicants.
- Exhibit 7. Competitive Impact Statement.
- Exhibit 8. Allcorp's Annual Audited Consolidated Financial Statements for the Years 2006-2010.
- Exhibit 9. Allcorp's Quarterly Consolidated Financial Statement for the Period Ended March 31, 2011.
- Exhibit 10. Allcorp's Annual Report to Shareholders for 2009-2010

(b) **Financial Statements**

Attached hereto as Exhibit 8 are Allcorp's annual audited consolidated financial statements for the years 2006-2010. Allcorp's most recent quarterly consolidated financial statement is attached hereto as Exhibit 9. Attached hereto as Exhibit 10 are Allcorp's annual reports to shareholders for the fiscal years ended 2009 and 2010.

(c) **Information Related to the Domestic Insurers and the Applicants**

Other than as described in this Form A, there are no tender offers for, requests or invitations for, tenders of, exchange offers for or agreements to acquire or exchange any voting security of the Domestic Insurers, or additional soliciting materials relating thereto. Other than as disclosed herein or the Stock Purchase Agreement, there are no proposed employment, consultation, advisory or management contracts concerning the Domestic Insurers.

In connection with the Proposed Transaction, Allcorp has filed an application (Notification and Request Form for Certain Mergers and Acquisitions) as required by the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976, as amended, with the Federal Trade

Commission ("FTC") and the Department of Justice ("DOJ") (the "HSR Filing"). A copy of the HSR Filing will be made available for inspection upon request.

[SIGNATURE PAGES FOLLOW]

SIGNATURE AND CERTIFICATION

SIGNATURE

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, The Allstate Corporation has caused this application to be duly signed on its behalf in the city of Northbrook and state of Illinois on the 13th day of June, 2011.

(SEAL)

THE ALLSTATE CORPORATION

By: Mario Rizzo
Mario Rizzo
Senior Vice President and Treasurer

Attest:

Jennifer M. Hager
Jennifer M. Hager
Vice President, Assistant General Counsel and Assistant Secretary

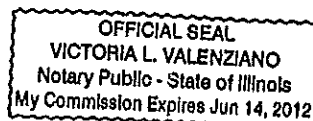
CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated June 13, 2011, for and on behalf of The Allstate Corporation; that he is the Senior Vice President and Treasurer 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.

Mario Rizzo
Mario Rizzo
Senior Vice President and Treasurer

Subscribed and sworn to this 13th day of June, 2011

Victoria L. Valenziano
Notary Public
My commission expires on 6/14/12



SIGNATURE AND CERTIFICATION

SIGNATURE

Pursuant to the requirements of ch. Ins 40, Wis. Adm. Code, Allstate Insurance Holdings, LLC has caused this application to be duly signed on its behalf in the city of Northbrook and state of Illinois on the 13th day of June, 2011.

(SEAL)

ALLSTATE INSURANCE HOLDINGS, LLC

By: Mario Rizzo
Mario Rizzo
Vice President and Treasurer

Attest:

Jennifer M. Hager
Jennifer M. Hager
Assistant Secretary

CERTIFICATION

The undersigned deposes and says that he has duly executed the attached application dated June 13th 2011, for and on behalf of Allstate Insurance Holdings, LLC; that he is the Vice President and Treasurer 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.

Mario Rizzo
Mario Rizzo
Vice President and Treasurer

Subscribed and sworn to this 13th day of June, 2011

Victoria L. Valenziano
Notary Public
My commission expires on 6/14/12

