UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended:	**Commission File Number:**
September 30, 2007	**333-84068**

Crum&Forster

Crum & Forster Holdings Corp.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**04-3611900**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification Number)*

305 Madison Avenue, Morristown, New Jersey 07962

(*Address of principal executive office*)
(973) 490-6600
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

Class	**Number of Shares Outstanding at November 1, 2007**
Common Stock, $.01 Par Value	100

CRUM & FORSTER HOLDINGS CORP.

Form 10-Q

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CRUM & FORSTER HOLDINGS CORP.

CONSOLIDATED BALANCE SHEETS

UNAUDITED

(Dollars in thousands, except per share amounts)

	September 30, 2007	December 31, 2006
ASSETS		
Investments:		
Fixed income securities, at fair value (amortized cost of $1,833,714 and $2,087,065 in 2007 and 2006, respectively)	$ 1,726,380	$ 1,984,242
Equity securities, at fair value (cost of $646,822 and $640,880 in 2007 and 2006, respectively)	698,321	667,718
Other invested assets	480,914	357,849
Hybrid financial instruments, at fair value	134,770	—
Short-term investments at cost, which approximates fair value	63,524	14,130
Total investments	3,103,909	3,023,939
Cash and cash equivalents	326,742	366,743
Assets pledged for short-sale obligations	871,016	535,594
Accrued investment income	18,227	34,581
Premiums receivable	228,852	249,913
Reinsurance recoverable	1,366,691	1,479,331
Reinsurance recoverable from affiliates	240,767	254,595
Prepaid reinsurance premiums	22,248	25,430
Deferred income taxes	190,589	285,902
Deferred policy acquisition costs	80,618	83,964
Other assets	83,537	103,562
Total assets	$ 6,533,196	$ 6,443,554
LIABILITIES		
Unpaid losses and loss adjustment expenses	$ 3,275,814	$ 3,371,549
Unearned premiums	539,630	576,182
Funds held under reinsurance contracts	249,451	243,316
Accounts payable and other liabilities	234,871	298,101
Deferred income on retroactive insurance	157,199	168,018
Short-sale obligations	654,207	400,163
Long-term debt	312,870	293,170
Total liabilities	5,424,042	5,350,499
Commitments and contingencies (Note 9)		
SHAREHOLDER’S EQUITY		
Common stock, $0.01 par value; 1,000 shares authorized; 100 issued and outstanding	—	—
Additional paid-in capital	740,993	740,993
Accumulated other comprehensive loss, net of tax	(4,059)	(36,978)
Retained earnings	372,220	389,040
Total shareholder’s equity	1,109,154	1,093,055
Total liabilities and shareholder’s equity	$ 6,533,196	$ 6,443,554

The accompanying notes are an integral part of the consolidated financial statements.

CRUM & FORSTER HOLDINGS CORP.

CONSOLIDATED STATEMENTS OF INCOME

UNAUDITED

(Dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	**2006**	**2007**	**2006**
REVENUES				
Premiums earned	$293,375	$279,631	$ 893,903	$ 791,178
Investment income	34,296	21,096	109,226	170,375
Realized investment gains	70,220	45,501	73,627	177,039
Total revenues	397,891	346,228	1,076,756	1,138,592
EXPENSES				
Losses and loss adjustment expenses	192,468	190,457	587,618	541,150
Policy acquisition costs	45,629	42,139	131,311	110,918
Other underwriting expenses	40,928	39,874	122,428	120,496
Interest expense	6,971	8,250	22,835	24,734
Costs related to early retirement of debt	—	—	21,188	—
Other expense, net	1,149	1,815	960	6,059
Total expenses	287,145	282,535	886,340	803,357
Income before income taxes and equity in earnings of investees	110,746	63,693	190,416	335,235
Income tax expense	37,940	21,674	64,147	115,139
Income before equity in earnings of investees	72,806	42,019	126,269	220,096
Equity in earnings of investees, net of tax	10,051	3,846	18,146	9,915
NET INCOME	$ 82,857	$ 45,865	$ 144,415	$ 230,011

The accompanying notes are an integral part of the consolidated financial statements.

CRUM & FORSTER HOLDINGS CORP.

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

UNAUDITED

(Dollars in thousands)

	Nine Months Ended September 30,	
	2007	**2006**
COMMON STOCK		
Balance, beginning and end of period	$ —	$ —
ADDITIONAL PAID-IN CAPITAL		
Balance, beginning and end of period	740,993	740,993
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		
Balance, beginning of period	(36,978)	53,443
Cumulative effect of adoption of Statement of Financial Accounting Standards No. 155	(10,146)	—
Unrealized investment gains (losses), net of transfers to realized investment gains and losses	24,856	(87,839)
Foreign currency translation	18,209	4,666
Balance, end of period	(4,059)	(29,730)
RETAINED EARNINGS		
Balance, beginning of period	389,040	166,757
Cumulative effect of adoption of Statement of Financial Accounting Standards No. 155 and equity method investee adoption of FASB Interpretation No. 48	9,465	—
Net income	144,415	230,011
Dividends to shareholder	(170,700)	(90,000)
Balance, end of period	372,220	306,768
TOTAL SHAREHOLDER'S EQUITY	$1,109,154	$1,018,031

The accompanying notes are an integral part of the consolidated financial statements.

CRUM & FORSTER HOLDINGS CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

UNAUDITED

(Dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	**2006**	**2007**	**2006**
NET INCOME	$ 82,857	$ 45,865	$144,415	$ 230,011
Change in components of other comprehensive income (loss) for the period, before tax:				
Unrealized investment gains (losses), net of transfers to realized investment gains and losses	75,307	107,014	38,210	(135,136)
Foreign currency translation	12,717	(622)	28,014	7,178
Other comprehensive income (loss) for the period, before tax	88,024	106,392	66,224	(127,958)
Deferred income tax (expense) benefit for the period:				
Deferred income tax (expense) benefit from unrealized investment gains and losses	(26,338)	(37,455)	(13,354)	47,297
Deferred income tax (expense) benefit from foreign currency translation	(4,451)	218	(9,805)	(2,512)
Total deferred income tax (expense) benefit for the period	(30,789)	(37,237)	(23,159)	44,785
Other comprehensive income (loss) for the period, net of tax	57,235	69,155	43,065	(83,173)
COMPREHENSIVE INCOME	$140,092	$115,020	$187,480	$ 146,838

The accompanying notes are an integral part of the consolidated financial statements.

CRUM & FORSTER HOLDINGS CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED

(Dollars in thousands)

	Nine Months Ended September 30,	
	2007	2006
OPERATING ACTIVITIES		
Net income	$ 144,415	$ 230,011
Adjustments to reconcile net income to net cash from operating activities:		
Net accretion of discount on fixed income securities	(7,136)	(7,731)
Realized investment gains	(73,627)	(177,039)
Earnings of equity method investees, net of dividends	(23,995)	(11,414)
Earnings of investment companies and similar equity method investees	(9,177)	(81,036)
Depreciation and amortization	2,382	2,409
Deferred income tax expense (benefit)	72,522	(20,826)
Non-cash costs related to early retirement of debt	9,216	—
Other non-cash net income adjustments	6,982	11,330
Changes in:		
Accrued investment income	16,354	20,136
Premiums receivable	21,811	(1,479)
Reinsurance recoverable	114,050	204,985
Prepaid reinsurance premiums	3,182	3,946
Deferred policy acquisition costs	3,346	(14,887)
Other assets	207	5,496
Unpaid losses and loss adjustment expenses	(95,735)	(161,766)
Unearned premiums	(36,552)	91,734
Accounts payable and other liabilities	(98,313)	(11,213)
Net cash from operating activities	49,932	82,656
INVESTING ACTIVITIES		
Purchases of fixed income securities	(149,314)	(153,087)
Proceeds from sales of fixed income securities	209,153	393,088
Proceeds from maturities of fixed income securities	2,025	60,005
Purchases of equity securities	(202,957)	(309,577)
Proceeds from sales of equity securities	203,094	332,973
Purchases of other invested assets	(25,862)	(26,037)
Proceeds from sales of other invested assets	62,155	143,314
Proceeds from sales of hybrid financial instruments	2,259	—
Purchases of short term investments	(138,282)	—
Proceeds from sales of short term investments	88,888	—
Proceeds from short-sale obligations	231,688	24,931
Cash pledged for short-sale obligations	(253,516)	(70,702)
Purchases of fixed assets	(804)	(739)
Net cash from investing activities	28,527	394,169
FINANCING ACTIVITIES		
Dividends to shareholder	(128,818)	(90,000)
Issuance of 7 3/4% long-term debt	330,000	—
Repayment of 10 3/8% long-term debt	(295,730)	—
New debt issuance costs	(23,912)	—
Net cash used in financing activities	(118,460)	(90,000)
Net change in cash and cash equivalents	(40,001)	386,825
Cash and cash equivalents, beginning of period	366,743	245,441
Cash and cash equivalents, end of period	$ 326,742	$ 632,266
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 12,324	$ 15,563
Cash paid to parent for income taxes	$ 43,261	$ 108,144
SUPPLEMENTAL NON-CASH OPERATING AND FINANCING ACTIVITIES		
Note received from parent in partial settlement of the Company's tax net operating losses	$ 41,882	$ —
In-kind dividend payment to parent representing cancellation of the aforementioned note	$ 41,882	$ —

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)

1. Organization and Basis of Presentation

Crum & Forster Holdings Corp. (the "Company" or "Crum & Forster") is a Delaware holding company, which is 100% owned by Fairfax Inc., a Wyoming holding company. Fairfax Inc. is ultimately owned by Fairfax Financial Holdings Limited ("Fairfax"), a Canadian financial services holding company, which is publicly traded on the Toronto Stock Exchange and the New York Stock Exchange under the symbol "FFH". The Company, through its subsidiaries, offers a full range of commercial property and casualty insurance distributed through an independent producer force located across the United States.

These consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of the Company, Crum & Forster Holding Inc. and their wholly-owned subsidiaries, including United States Fire Insurance Company ("US Fire"), The North River Insurance Company ("North River"), Crum & Forster Indemnity Company and Crum and Forster Insurance Company. US Fire owns 100% of the stock of Crum & Forster Specialty Insurance Company. North River owns 100% of the stock of Seneca Insurance Company, Inc. and its subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Effective January 1, 2006, Fairfax announced that certain of the business of the insurance companies of Fairmont Specialty Group, affiliates of Fairfax, would be conducted as Fairmont Specialty, a division of Crum & Forster ("Fairmont"), thereby giving Fairmont access to the "A-" A.M. Best rating of Crum & Forster. The Fairmont business is comprised of standard commercial and personal lines, bail bonds and accident and health coverages. In return for the opportunity to quote Fairmont Specialty Group's renewals effective January 1, 2006 and thereafter, the Company hired substantially all Fairmont Specialty Group employees and assumed certain operating obligations. Pending regulatory approval of Crum & Forster company rate and form filings for the Fairmont business, the policies underwritten by Fairmont were issued initially by the insurance companies of Fairmont Specialty Group and assumed by the Company through a 100% quota share reinsurance agreement. As of September 30, 2007, substantially all Fairmont business is written directly by Crum & Forster.

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Such estimates and assumptions may differ from actual results. Certain financial information that is normally included in annual financial statements, including certain financial statement footnotes, prepared in accordance with GAAP, is not required for interim reporting purposes and has been condensed or omitted herein. These consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes related thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006, filed with the Securities and Exchange Commission ("SEC") on March 9, 2007.

The interim financial data at September 30, 2007 and for the three and nine months ended September 30, 2007 and 2006 is unaudited. However, in the opinion of management, the interim data includes all adjustments that are necessary for a fair presentation of the Company's results for the interim periods. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. Certain amounts in the Company's prior year consolidated financial statements have been reclassified to conform to the 2007 presentation.

2. Recent Accounting Pronouncements

In February 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115* ("SFAS 159"), which provides the option to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of adoption of SFAS 159 on its results of operations and financial position.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the effects of SFAS 157 but does not expect its adoption to have a material impact on its results of operations or financial position.

In June 2006, the FASB issued FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109* ("FIN 48"). The interpretation clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with SFAS 109, *Accounting for Income Taxes*. Specifically, the pronouncement prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on the related derecognition, classification, interest and penalties, accounting for interim periods, disclosure and transition of uncertain tax positions. The interpretation is effective for fiscal years beginning after December 15, 2006. The Company adopted FIN 48 on January 1, 2007 and although its adoption did not have a direct impact on the Company's results of operations or financial position, adoption of FIN 48 by one of the Company's equity method investees resulted in the Company recording a cumulative adjustment of $681, net of tax, to opening retained earnings.

In February 2006, the FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments — an amendment of FASB Statements Nos. 133 and 140* ("SFAS 155"). SFAS 155 applies to certain "hybrid financial instruments" which are instruments that contain embedded derivatives. The standard establishes a requirement to evaluate beneficial interests in securitized financial assets to determine if the interests represent freestanding derivatives or are hybrid financial instruments requiring bifurcation. SFAS 155 also permits an election for fair value measurement of any hybrid financial instrument that otherwise would require bifurcation under SFAS 133. Changes in fair value are recorded as realized investment gains or losses. The fair value election can be applied to existing instruments on an instrument-by-instrument basis at the date of adoption and to new instruments on a prospective basis. The statement is effective for fiscal years beginning after September 15, 2006. The Company elected fair value measurement of its hybrid financial instruments, which are comprised of convertible bonds, effective with its adoption of SFAS 155 on January 1, 2007. Prior to January 1, 2007, the Company bifurcated its hybrid financial instruments and changes in the fair value of the host instrument were recorded as unrealized investment gains and losses while changes in the fair value of the embedded derivative were recorded as realized investment gains and losses. At December 31, 2006, the fair value of the host instruments included in fixed income securities was $136,222 and the fair value of embedded derivatives included in other invested assets was $7,372. Upon adoption of SFAS 155, the Company recorded a cumulative adjustment of $10,146, inclusive of an adjustment of $301 in respect of adoption of SFAS 155 by one of the Company's equity method investees, net of tax, to reclassify unrealized investment gains associated with the host instruments to opening retained earnings. At September 30, 2007, the fair value of the Company's hybrid financial instruments was $134,770.

3. Unpaid Losses and Loss Adjustment Expenses

Changes in the Company's liability for unpaid losses and loss adjustment expenses ("LAE") are summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	**2006**	**2007**	**2006**
Gross unpaid losses and LAE, beginning of period	$3,317,465	$3,562,337	$3,371,549	$3,673,034
Less ceded unpaid losses and LAE	1,287,904	1,545,870	1,355,253	1,682,768
Net unpaid losses and LAE, beginning of period	2,029,561	2,016,467	2,016,296	1,990,266
Losses and LAE incurred related to:				
Current period	202,331	213,594	624,280	569,029
Prior years	(9,863)	(23,137)	(36,662)	(27,879)
Total losses and LAE incurred	192,468	190,457	587,618	541,150
Losses and LAE paid related to:				
Current period	75,124	58,541	139,452	95,025
Prior years	130,880	104,389	448,437	392,397
Total losses and LAE paid	206,004	162,930	587,889	487,422
Net unpaid losses and LAE, end of period	2,016,025	2,043,994	2,016,025	2,043,994
Add ceded unpaid losses and LAE	1,259,789	1,467,274	1,259,789	1,467,274
Gross unpaid losses and LAE, end of period	$3,275,814	$3,511,268	$3,275,814	$3,511,268

A reconciliation of the ceded unpaid losses and LAE in the table above to the reinsurance recoverable reflected on the consolidated balance sheet follows:

	September 30, 2007
Ceded unpaid losses and LAE in the table above	$ 1,259,789
Reconciling items:	
Reinsurance receivable on paid losses and LAE	50,748
Unamortized retroactive reinsurance recoverable	318,431
Loss sensitive cession[1]	(21,510)
Total reconciling items	347,669
Reinsurance recoverable on the consolidated balance sheet	$ 1,607,458

[1] Equals additional premiums due on retrospectively rated insurance policies that inure to the benefit of the reinsurer.

4. Asbestos and Environmental Losses and Loss Adjustment Expenses

The Company has exposure to asbestos and environmental claims arising from the sale of general liability, commercial multi-peril and umbrella insurance policies, the majority of which were written for accident years 1985 and prior. Estimation of ultimate liabilities for these exposures is unusually difficult due to such issues as whether or not coverage exists, definition of an occurrence, determination of ultimate damages and allocation of such damages to financially responsible parties.

Changes in the Company's liability for asbestos and environmental exposures are summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Asbestos				
Gross unpaid losses and allocated LAE ("ALAE"), beginning of period	$421,380	$441,752	$443,055	$469,199
Less ceded unpaid losses and ALAE	92,426	84,965	94,817	92,418
Net unpaid losses and ALAE, beginning of period	328,954	356,787	348,238	376,781
Net losses and ALAE incurred	—	—	—	—
Net paid losses and ALAE	8,268	14,860	27,552	34,854
Net unpaid losses and ALAE, end of period	320,686	341,927	320,686	341,927
Add ceded unpaid losses and ALAE	89,498	80,440	89,498	80,440
Gross unpaid losses and ALAE, end of period	$410,184	$422,367	$410,184	$422,367

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Environmental				
Gross unpaid losses and ALAE, beginning of period	$96,813	$105,743	$110,636	$111,536
Less ceded unpaid losses and ALAE	32,250	35,491	37,103	37,293
Net unpaid losses and ALAE, beginning of period	64,563	70,252	73,533	74,243
Net losses and ALAE incurred	—	—	—	—
Net paid losses and ALAE	(136)	1,177	8,834	5,168
Net unpaid losses and ALAE, end of period	64,699	69,075	64,699	69,075
Add ceded unpaid losses and ALAE	30,957	35,885	30,957	35,885
Gross unpaid losses and ALAE, end of period	$95,656	$104,960	$ 95,656	$104,960

The Company also maintains reserves for other latent exposures such as those associated with silica, gas and vapors, lead, mold, chemical, welding fumes and pesticides of $18,524 and $21,758, net of reinsurance, as of September 30, 2007 and December 31, 2006, respectively.

5. Reinsurance

The components of the Company's net premiums written and premiums earned are summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Premiums written:				
Direct	$286,480	$292,692	$ 937,519	$ 899,508
Assumed from other companies, pools or associations	10,412	43,861	31,899	125,645
Ceded to other companies, pools or associations	(30,113)	(44,047)	(108,885)	(138,295)
Net premiums written	$266,779	$292,506	$ 860,533	$ 886,858
Premiums earned:				
Direct	$309,585	$290,940	$ 939,386	$ 854,154
Assumed from other companies, pools or associations	14,565	35,232	66,584	79,265
Ceded to other companies, pools or associations	(30,775)	(46,541)	(112,067)	(142,241)
Premiums earned	$293,375	$279,631	$ 893,903	$ 791,178

The components of the Company's total reinsurance recoverable are summarized as follows:

	September 30, 2007	December 31, 2006
Reinsurance recoverable on unpaid losses and LAE	$ 1,556,710	$ 1,662,993
Reinsurance receivable on paid losses and LAE	50,748	70,933
Total reinsurance recoverable	$ 1,607,458	$ 1,733,926

The reinsurance recoverable balances above are net of reserves for uncollectible reinsurance of $48,253 and $42,777 at September 30, 2007 and December 31, 2006, respectively.

Corporate Aggregate Reinsurance

Crum & Forster's underwriting results are significantly affected by reinsurance. The Company currently purchases, or has in the past purchased, reinsurance to limit its exposure to loss from any one claim or occurrence ("per risk or per occurrence reinsurance"), from aggregate loss experience for an accident year that exceeds an amount the Company is willing to accept and from adverse development of prior years' loss and LAE reserves (the latter two types of reinsurance are referred to herein as "corporate aggregate reinsurance", as distinct from the aforementioned "per risk or per occurrence reinsurance"). The Company's corporate aggregate reinsurance contracts are of the type commonly referred to as "finite" reinsurance and cover or covered, in varying amounts and on varying terms, accident years 2002 and prior.

In general, contracts covering past insurable events, such as adverse loss development covers, are categorized as "retroactive reinsurance", as opposed to contracts covering future insurable events, which are referred to as "prospective reinsurance". Amounts ceded under prospective contracts are recognized, as to premiums, as a reduction of premiums written and earned in the period in which premiums are ceded and, as to losses, as a reduction of incurred losses as the losses are ceded to the reinsurer. Under retroactive contracts, the excess of reinsurance recoverable due from reinsurers pursuant to the contract over premiums paid for coverage is deferred and amortized as a reduction of incurred losses over the expected period of recovery, generally many years, using the interest method. Under both prospective and retroactive contracts, funds held interest, if applicable, is recognized as a reduction of investment income in the period in which the interest is credited to the funds held account.

The effect of prospective and retroactive corporate aggregate reinsurance on components of the Company's consolidated statements of income is summarized as follows (increase (decrease) in indicated component):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	**2006**	**2007**	**2006**
Investment income	$ (4,214)	$ (4,818)	$(12,552)	$(14,470)
Losses and LAE	(4,045)	(3,435)	(10,819)	(10,249)
Decrease in income before income taxes	$ (169)	$ (1,383)	$ (1,733)	$ (4,221)

At September 30, 2007, reinsurance recoverable includes $398,621 and $391,825 related to prospective and retroactive corporate aggregate reinsurance contracts, respectively, of which $493,525 has been recognized as a reduction of incurred losses and LAE on the Company's consolidated statements of income.

Prospective Corporate Aggregate Reinsurance

An analysis of activity in prospective corporate aggregate reinsurance contracts follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	**2006**	**2007**	**2006**
Ceded losses and LAE	$ —	$ —	$ —	$ —
Less: funds held interest charged to investment income	572	728	1,809	2,404
Decrease in income before income taxes	$ (572)	$ (728)	$ (1,809)	$ (2,404)

The above activity arises from one prospective contract. The reinsurance recoverable and funds held balances in respect of such contract were $31,121 and $28,612, respectively, at September 30, 2007 ($37,651 and $33,333, respectively, at December 31, 2006).

Retroactive Corporate Aggregate Reinsurance

An analysis of activity in retroactive corporate aggregate reinsurance contracts follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	**2006**	**2007**	**2006**
Increase in reinsurance recoverable	$ —	$ —	$ —	$ —
Less: related premiums paid	—	—	—	—
Income deferred during the period	—	—	—	—
Amortization of deferred income	(4,045)	(3,435)	(10,819)	(10,249)
Change in deferred income	(4,045)	(3,435)	(10,819)	(10,249)
Deferred income on retroactive reinsurance—beginning of period	161,244	177,684	168,018	184,498
Deferred income on retroactive reinsurance—end of period	$157,199	$174,249	$157,199	$174,249
Funds held interest charged during the period	$ 3,642	$ 4,090	$ 10,743	$ 12,066

The above activity arises from two retroactive contracts. The reinsurance recoverable and funds held balances in respect of the first contract were $372,577 and $217,128, respectively, at September 30, 2007 ($372,577 and $206,385, respectively, at December 31, 2006). There were no reinsurance recoverable or funds held balances in respect of the second contract at September 30, 2007 and December 31, 2006 as the Company has reduced the funds held balance to offset the reinsurance recoverable balance pursuant to a commutation provision contained in the contract. For additional information on the Company's prospective and retroactive corporate aggregate reinsurance contracts, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2006, filed with the SEC on March 9, 2007.

6. Investments and Short-Sale Obligations

Derivative Transactions and Short-Sale Obligations

The Company has purchased credit default swaps on securities issued by various U.S. companies in the banking, mortgage and insurance industries. These credit default swaps serve as economic hedges against declines in the fair value of various financial assets owned by the Company arising from potential financial difficulties associated with any or all of these issuers or the industries in which they operate. During the nine months ended September 30, 2007, the Company purchased $10,012 of credit default swaps and sold a credit default swap (with a cost and fair value of $270 and $2,259, respectively), bringing the total cost of credit default swaps held at September 30, 2007 to $87,363 as compared to $77,621 at December 31, 2006. The fair value of the credit default swaps was $109,774 and $16,702, at September 30, 2007 and December 31, 2006, respectively, and is included in other invested assets on the consolidated balance sheets. The notional value of the credit default swaps was $5.2 billion and $4.2 billion at September 30, 2007 and December 31, 2006, respectively, with an average term to expiration of 3.9 years as of September 30, 2007.

During the three months ended September 30, 2007, the Company executed additional short-sales of Standard & Poor's Depositary Receipts ("SPDRs") of approximately $200,000, bringing the total short positions held in SPDRs to approximately $500,000 at September 30, 2007. These short positions serve as an economic hedge against a decline in the U.S. equity markets. In connection with the SPDRs transactions, the Company has purchased S&P Index call options (the "Options") limiting the potential loss on the future purchase of the SPDRs to approximately $189,000 at September 30, 2007 ($70,000 at December 31, 2006). Both the obligations to purchase the SPDRs and the Options are carried at fair value on the consolidated financial statements. The fair value of the obligation to purchase the SPDRs is included in short-sale obligations and the fair value of the Options is included in other invested assets on the consolidated balance sheets. The fair values of the SPDRs obligation and the Options at September 30, 2007 amounted to a liability of $610,713 and an asset of $170 at September 30, 2007 and a liability of $375,558 and an asset of $9,925 at December 31, 2006.

As an economic hedge against rising interest rates and deteriorating conditions in the residential housing market, the Company holds short positions on securities of certain U.S. financial guarantee insurance companies, mortgage insurance companies and financial institutions totaling approximately $50,000 and $25,000 at September 30, 2007 and December 31, 2006, respectively. The obligation to purchase these securities is included, at fair value, in short-sale obligations on the consolidated balance sheets and amounted to $43,494 and $24,605, at September 30, 2007 and December 31, 2006, respectively.

In connection with the short-sales of SPDRs and common stocks described above, the Company has pledged cash and U.S. Treasury securities as collateral for the obligation to purchase the securities sold short. These assets are recorded at fair value in assets pledged for short-sale obligations on the consolidated balance sheets. At September 30, 2007, the fair value of the assets pledged for the short-sale obligations totaled $871,016 ($535,594 at December 31, 2006).

The Company also has investments in warrants, which are contracts that grant the holder the right to purchase an underlying financial instrument at a given price and time. The fair value of the warrants, which are included in other invested assets on the consolidated balance sheets, was $7,696 and $9,645 at September 30, 2007 and December 31, 2006, respectively.

Changes in fair value of the transactions described above and of the Company's hybrid financial instruments have been included in realized investment gains and losses in the consolidated statements of income as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Credit default swaps	$ 73,510	$(13,322)	$ 85,319	$(18,010)
SPDRs sold short	(12,555)	(17,013)	(35,292)	(24,115)
Common stocks sold short	12,085	589	12,936	14
S&P Index call options	3,453	1,880	5,612	(3,592)
Warrants and other derivatives	1,846	(323)	(1,949)	(732)
Hybrid financial instruments	(8,172)	831	(19,189)	(4,011)
Amount included in realized investment gains (losses)	$ 70,167	$(27,358)	$ 47,437	$(50,446)

The Company also incurs an expense in an amount equal to the dividend earnings on the short-sale obligations. Dividend earnings on the short-sale obligations amounted to $2,935 and $6,171, respectively, for the three and nine months ended September 30, 2007 as compared to $1,554 and $4,403, respectively, for the three and nine months ended September 30, 2006, and are recorded as a reduction of investment income on the consolidated statements of income.

Other Investment Transactions

On March 15, 2007, the Company sold its 1.1% ownership interest in Odyssey Re Holdings Corp., an affiliated equity method investee, to TIG Insurance Company, a subsidiary of Fairfax, for proceeds of $30,160 and a realized investment gain of $8,300. The transaction was completed at fair market value.

7. Long-Term Debt

Long-term debt, net of unamortized discount, is comprised as follows:

	September 30, 2007	December 31, 2006
7-3/4% Senior Notes due 2017	$ 308,689	$ —
10-3/8% Senior Notes due 2013	4,181	293,170
Total	$ 312,870	$ 293,170

On May 7, 2007, the Company issued pursuant to a private offering (the “Offering”) $330,000 aggregate principal amount of 7-3/4% senior notes due May 1, 2017 (the “2017 Notes”) at an issue price of 100%. The 2017 Notes are redeemable at the option of the Company beginning May 1, 2012, at prices set forth in the indenture governing the 2017 Notes. Net proceeds of the Offering to the Company, after commissions and expenses, were approximately $325,100. In connection with the sale of the 2017 Notes, the Company entered into a registration rights agreement under which the Company agreed to use its reasonable best efforts to register with the SEC notes having substantially the same terms as the 2017 Notes, as part of an offer to exchange freely tradeable exchange notes for the 2017 Notes. The Company filed a registration statement on Form S-4 with the SEC, in connection with the exchange offer, on June 29, 2007, which was declared effective by the SEC on July 13, 2007. The exchange offer was completed on August 16, 2007.

On May 21, 2007, the Company completed a cash tender offer (the “Tender Offer”) to purchase any and all of its outstanding $300,000 aggregate principal amount of 10-3/8% senior notes due June 15, 2013 (the “2013 Notes”). In conjunction with the Tender Offer, the Company entered into a supplemental indenture eliminating substantially all restrictive covenants and certain event of default provisions contained in the indenture under which the 2013 Notes were issued. Pursuant to the Tender Offer, all but $4,270 aggregate principal amount of the 2013 Notes were purchased and cancelled. The Company paid total consideration of approximately $325,700 to purchase the 2013 Notes tendered and, in addition, paid accrued interest of approximately $12,100. The purchase of the 2013 Notes was funded with proceeds from the sale of the aforementioned 2017 Notes and available cash on hand.

For the nine months ended September 30, 2007, the Company recognized costs related to the early retirement of its 2013 Notes of $21,188, which were comprised of premium payments, related fees and expenses and write-off of unamortized deferred financing costs. For the nine months ended September 30, 2007 and 2006, total interest expense on the 2013 and 2017 Notes was $22,835 and $24,734, respectively, including amortization of related premiums and deferred financing costs.

8. Income Taxes

In the third quarter of 2007, the Company entered into a new tax sharing agreement with Fairfax that permits the Company and its subsidiaries to elect to file federal income tax returns on a consolidated basis for tax sharing purposes. The Company has made this election effective January 1, 2007. Accordingly, tax sharing for the third quarter 2007 reflected the utilization of holding company net operating losses (“NOLs”) in the amount of $79,697, which was paid by Fairfax in the form of cash of $37,815 and a note for $41,882. This cash and note at the holding company permitted the payment of a dividend of $79,700 to Fairfax in the third quarter of 2007. The election going forward will avoid the generation of holding company NOLs, provided the subsidiaries earn sufficient taxable income to offset holding company losses.

9. Commitments and Contingencies

On September 7, 2005, Fairfax announced that it had received a subpoena from the SEC requesting documents regarding any non-traditional insurance or reinsurance transactions entered into or offered by Fairfax and the entities in its consolidated group, which includes the Company. The U.S. Attorney's Office for the Southern District of New York is reviewing documents provided to the SEC in response to the subpoena and is participating in the investigation of these matters. Fairfax and entities in its consolidated group are cooperating fully with these requests. Fairfax and certain of the entities in its consolidated group, including the Company, have prepared presentations and provided documents to the SEC and the U.S. Attorney's Office, and employees of Fairfax and certain of the entities in its consolidated group, including senior officers, have attended or have been requested to attend interviews conducted by the SEC and the U.S. Attorney's Office. The Company is cooperating fully in addressing its obligations under this subpoena. This inquiry is ongoing and the Company continues to comply with requests from the SEC and the U.S. Attorney's office. At the present time, the Company cannot predict the outcome of these matters, or the ultimate effect on the Company's consolidated financial statements, which effect could be material and adverse. No assurance can be made that the Company will not be subject to further requests or other regulatory proceedings of a similar kind.

The Company and US Fire, among numerous other insurance company and insurance broker defendants, have been named as defendants in a class action suit filed by policyholders alleging, among other things, that the defendants used the contingent commission structure to deprive policyholders of free competition in the market for insurance. The action, which included civil RICO, federal antitrust and various state law claims, is pending in the U.S. District Court for the District of New Jersey. Plaintiffs seek certification of a nationwide class consisting of all persons who between August 26, 1994 and the date of the class certification engaged the services of any one of the broker defendants and who entered into or renewed a contract of insurance with one of the insurer defendants. In October 2006, the court partially granted defendants' motion to dismiss the plaintiffs' complaint, subject to plaintiffs' filing an amended statement of their case. Plaintiffs thereafter filed their "supplemental statement of particularity" and amended case statement. In response, defendants filed a renewed motion to dismiss. On August 31, 2007, the Court dismissed the antitrust claims with prejudice. On September 28, 2007, the court dismissed the RICO case with prejudice and declined to accept supplemental jurisdiction over plaintiffs' state law claims. The Judge gave the plaintiffs 30 days to re-plead a basis for federal jurisdiction over the state law claims, but the plaintiffs elected instead to file a notice of appeal of the dismissal orders to the U.S. Court of Appeals for the Third Circuit. Crum & Forster Holdings Corp. and US Fire continue to be named as defendants and intend to vigorously defend the action.

Kelly-Moore Paint Company, Inc. ("Kelly-Moore") filed litigation against the Company in the San Francisco Superior Court (California) in connection with certain general liability and umbrella liability policies issued to it. The litigation seeks coverage for bodily injury claims arising out of exposure to asbestos-containing products that Kelly-Moore and/or a subsidiary sold between 1960 and 1978. It also seeks breach of contract and bad faith damages. In May 2006, Kelly-Moore filed a second amended complaint seeking to recover from the Company defense costs it allegedly paid to defend asbestos claims. Kelly-Moore also seeks payment of sums for contribution and/or subrogation pursuant to three other excess insurers' assigned claims based on defense payments allegedly made on Kelly-Moore's behalf. The Company has learned through discovery and submissions to the court filed by Kelly-Moore that Kelly-Moore is seeking $53 million for the defense costs, plus interest, and an additional $33 million for the contribution/subrogation claims. Kelly-Moore also seeks to recover extra-contractual damages as part of its bad faith claim. The Company anticipates that Kelly-Moore will allege it is entitled to bad faith and punitive damages in a material amount. While the Company does not believe that any of these allegations has merit as a matter of law, we cannot predict with certainty the ultimate outcome of the claims. We do not expect the outcome to have a material adverse effect on the Company's financial condition. The Company has been vigorously defending against the claims of Kelly-Moore, and will continue to do so. The Company filed a cross-complaint against Kelly-Moore seeking reimbursement of certain substantial loss and expense payments made to or on behalf of Kelly-Moore to date.

In the ordinary course of their business, Crum & Forster's subsidiaries receive claims asserting alleged injuries and damages from asbestos and other hazardous waste and toxic substances and are subject to related coverage litigation. The conditions surrounding the final resolution of these claims and the related litigation continue to change. Currently, it is not possible to predict judicial and legislative changes and their impact on the future development of asbestos and environmental claims and litigation. This trend will be affected by future court decisions and interpretations, as well as changes in applicable legislation and the possible implementation of a proposed federal compensation scheme for asbestos-related injuries. As a result of these uncertainties, additional liabilities may arise for amounts in excess of current reserves for asbestos, environmental and other latent exposures. These additional amounts, or a range of these additional amounts, cannot currently be reasonably estimated. As a result of these claims, management continually reviews required reserves and reinsurance recoverable. In each of these areas of exposure, the Company litigates individual cases when appropriate and endeavors to settle other claims on favorable terms.

The Company's subsidiaries are involved in various lawsuits and arbitration proceedings arising in the ordinary course of business. These lawsuits and arbitration proceedings include, in some cases, claims for extra-contractual or "bad faith" damages, or claims for imposition of statutory penalties or multipliers. While the outcome of such matters cannot be predicted with certainty, in the opinion of management, no such matter is likely to have a material adverse effect on the Company's consolidated net income, financial position or liquidity. However, it should be noted that the frequency of large damage awards in some jurisdictions, including punitive damage awards that bear little or no relation to actual economic damages incurred by plaintiffs, continues to create the potential for an unpredictable judgment in any given matter.

10. Segment Reporting

The Company operates in the commercial property and casualty insurance business. Premiums earned for the Company's lines of business are summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Workers' compensation	$ 64,076	$ 72,163	$197,218	$212,034
General liability	55,944	59,238	177,570	171,515
Commercial automobile	52,599	51,332	159,678	151,102
Property	66,976	65,003	209,406	175,860
Commercial multi-peril	21,940	15,858	57,983	42,190
Other	31,840	16,037	92,048	38,477
Total premiums earned	$293,375	$279,631	$893,903	$791,178

The losses and LAE and loss and LAE ratios of the Company's lines of business are summarized as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2007		2006		2007		2006	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Accident year loss and LAE ratios:								
Workers' compensation	$ 50,455	78.7%	$ 57,138	79.2%	$153,777	78.0%	$165,726	78.2%
General liability	40,326	72.1%	38,139	64.4%	123,751	69.7%	117,192	68.3%
Commercial automobile	31,953	60.7%	32,367	63.1%	102,344	64.1%	95,328	63.1%
Property	46,270	69.1%	66,388	102.1%	151,149	72.2%	140,597	79.9%
Commercial multi-peril	12,765	58.2%	9,260	58.4%	35,528	61.3%	24,880	59.0%
Other	20,562	64.6%	10,302	64.2%	57,731	62.7%	25,306	65.8%
Total accident year losses and LAE	202,331	69.0%	213,594	76.4%	624,280	69.8%	569,029	71.9%
Prior years' loss development	(9,863)	(3.4)%	(23,137)	(8.3)%	(36,662)	(4.1)%	(27,879)	(3.5)%
Calendar year losses and LAE	$192,468	65.6%	$190,457	68.1%	$587,618	65.7%	$541,150	68.4%

The Company does not allocate investment results or certain corporate expenses for purposes of evaluating financial performance of each line of business.

11. Accounting Adjustments in Respect of Certain Investments

During the third quarter of 2006, the Company identified and recorded two adjustments associated with its accounting for investments. The net effect of these adjustments was a decrease in investment income in the three months ended September 30, 2006 of $6,962 pre-tax ($4,525 after-tax) and an increase in investment income in the nine months ended September 30, 2006 of $2,589 pre-tax ($1,683 after-tax). The first adjustment was in respect of an overstatement of investment income of $9,551 pre-tax ($6,208 after-tax) in the second quarter of 2006, when the Company incorrectly recorded investment income based on a cash distribution received from one of its equity method investees, instead of reducing its investment balance. This error was corrected by reducing investment income in the third quarter by $9,551 pre-tax ($6,208 after-tax). There was no year to date effect on investment income from this adjustment as of September 30, 2006. The second adjustment was in respect of an error, which occurred in 2002, related to the carrying value of an investment in an affiliated equity method investee. Correction of this error in the third quarter of 2006 increased investment income by $2,589 pre-tax ($1,683 after-tax). Management evaluated the financial impact of these accounting adjustments and concluded that the effect both individually and in the aggregate was not material to the third quarter of 2006 or any prior period. Accordingly, prior period financial statements have not been restated.

During the second quarter of 2006, the Company identified and recorded certain adjustments associated with its accounting for investments. The adjustments relate principally to three areas: (1) equity method accounting — the Company did not properly reflect adjustments to realized investment gains and losses reported by equity method investees arising from basis differences associated with initial purchases or changes in ownership percentages. These adjustments relate principally to the Company's investments in Northbridge Financial Corporation ("Northbridge") and HWIC Asia Fund ("HWIC"); (2) partnership accounting — several of the Company's partnership interests were recorded on the equity method of accounting pursuant to Statement of Position 78-9, *Accounting for Investments in Real Estate Ventures*, even though the Company did not have the ability to exercise significant influence over the investees. In such circumstances, the Company should have retained the investment company accounting of the investees; and (3) embedded derivatives mark-to-market – the Company did not properly reflect the mark to market through earnings of derivative features embedded in convertible bonds pursuant to SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. Several of the Company's equity investees also held the same or similar securities with embedded derivatives. The Company determined that the investees also did not properly bifurcate their investments, which required adjustments to the Company's financial statements. Management evaluated the financial impact of these accounting adjustments and concluded that the effect both individually and in the aggregate was not material to the second quarter 2006 results or any prior period. Accordingly, prior period financial statements were not restated in 2006. Instead, the Company recorded a cumulative charge to net income in the three months ended June 30, 2006 of $5,678 pre-tax ($3,691 after- tax) for these adjustments. Of the $5,678 pre-tax charge, $4,255 was recorded as a charge to realized investment gains, $3,534 ($2,297 after-tax) was recorded as a charge to equity in earnings of investees (including $456 of previously waived immaterial adjustments) and $2,111 was recorded as an increase to investment income on the consolidated statements of income. In addition, the Company recorded a $7,369 increase to accumulated other comprehensive income, net of tax, that together with the aforementioned $3,691 charge to net income, resulted in a $3,678 increase in shareholder's equity.

The aggregate effect of the second and third quarter adjustments in 2006 resulted in a reduction to income for the nine months ended September 30, 2006 of $3,089 pre-tax ($2,008 after tax).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion relates to the critical accounting policies and estimates, the consolidated results of operations, financial condition, liquidity and capital resources of the Company for the interim periods indicated. Within this discussion, the terms "Company" or "Crum & Forster" refer to Crum & Forster Holdings Corp. and its direct and indirect subsidiaries, including United States Fire Insurance Company ("US Fire"), The North River Insurance Company ("North River"), Crum & Forster Indemnity Company and Crum and Forster Insurance Company. US Fire owns 100% of the stock of Crum & Forster Specialty Insurance Company. North River owns 100% of the stock of Seneca Insurance Company, Inc. and its subsidiaries ("Seneca"). The term "Fairfax" refers to Fairfax Inc., Crum & Forster's parent company, and Fairfax Financial Holdings Limited, which holds a 100% indirect interest in Fairfax Inc.

Certain financial information that is normally included in annual financial statements, including certain financial statement footnotes, prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"), is not required for interim reporting purposes and has been condensed or omitted herein. This discussion, and the related consolidated financial statements, should be read in conjunction with the Company's consolidated financial statements, and notes related thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006, filed with the Securities and Exchange Commission ("SEC") on March 9, 2007. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

All dollar amounts are in thousands, unless otherwise indicated.

Statements Regarding Forward-Looking Information

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These are statements that relate to future periods and include statements regarding the Company's anticipated performance. Generally, the words "anticipates", "believes", "expects", "intends", "estimates", "projects", "plans", "target", "potential", "likely", "may", "could", "should" and similar expressions identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the Company's actual results, performance or achievements or industry results to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other important factors include, but are not limited to, the following:

- Lowering or loss of one of the Company's financial strength ratings;
- Insufficient loss reserves, including reserves for asbestos, environmental and other latent claims;
- Occurrence of natural or man-made catastrophic events;
- Competitive conditions in the insurance market;
- Inability to realize the Company's investment objectives;
- Inability to obtain reinsurance coverage on reasonable terms and prices, particularly property catastrophe reinsurance;
- Changes in the business or regulatory environment in which the Company operates as a result of recent insurance industry investigations by government authorities and other parties;
- SEC requests for information from the Company;
- Loss of key producers;
- Exposure to emerging claims and coverage issues;
- Restrictions on the ability of the Company's insurance subsidiaries to pay dividends;
- Subordination of debt securities to the obligations and liabilities of the Company's insurance subsidiaries;
- Exposure to credit risk, in the event reinsurers or policyholders fail to pay the Company amounts owed to it;
- Adverse developments in the prospects or results of operations of Fairfax or its affiliates;
- Loss of key employees;
- Changes in governmental regulations; and
- Exposure to credit risks on novated policies.

Although the Company believes that its forward-looking statements are based upon reasonable assumptions, management can give no assurance that the Company's goals will be achieved. Given these uncertainties, prospective investors are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements made in this report are made by the Company as of the date of this report. Except as otherwise required by federal securities laws, the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information regarding these factors, and others that could cause actual results to differ materially from expectations is included in the Company's Prospectus, filed with the SEC pursuant to rule 424(b)(3) on July 13, 2007. The information appearing under "Risk Factors" in such Prospectus is incorporated by reference into, and made a part of, Part II of this Form 10-Q.

Critical Accounting Policies and Estimates

The Company's consolidated financial statements and related notes thereto are prepared in accordance with GAAP. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of material contingent assets and liabilities at the balance sheet date and the revenues and expenses reported during the relevant period. In general, management's estimates are based on historical experience, evaluation of current trends, information from third party professionals and various other assumptions that are believed to be reasonable under the known facts and circumstances.

The accounting policies and estimates discussed below are those that require management to make assumptions about highly uncertain matters. If management were to make different assumptions about those matters, or if actual results were to differ significantly from management's estimates, the Company's reported consolidated results of operations and financial condition could be materially affected.

The Company's significant accounting policies are described in detail in Note 2 to the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC on March 9, 2007.

Unpaid Losses and Loss Adjustment Expenses

The most significant accounting estimates relate to the Company's reserves for unpaid losses and loss adjustment expenses ("LAE"). Unpaid losses and LAE include reserves for both reported (case reserves) and unreported losses and LAE. When the Company is notified of insured losses, claims personnel set up case reserves for the estimated amount of settlement, if any, which excludes estimates of expenses to settle claims, such as legal and other fees and the general expenses of administering the claims adjustment process. The estimate reflects the judgment of claims personnel, or of independent claims adjusters hired by the Company, the scope of coverage available for the reported claim under each individual policy assuming application of controlling state contract law, general reserving practices, the experience and knowledge of such personnel regarding the nature of the specific claim and, where appropriate, advice of counsel, with the goal of setting the reserve at the ultimate expected loss amount as soon as sufficient information becomes available.

Losses and LAE are charged to income as they are incurred. During the loss settlement period, reserves established in prior years are adjusted as loss experience develops and new information becomes available. Adjustments to previously estimated reserves, both positive and negative, are reflected in the Company's financial results in the periods in which they are made, and are referred to as prior period development. Due to the high level of uncertainty, revisions to these estimated reserves could have a material impact on the Company's results of operations in the period recognized and actual payments for claims and LAE could ultimately be significantly different from estimates.

The Company has written general liability, commercial multi-peril and umbrella policies under which its policyholders continue to present asbestos, environmental and other latent claims. The vast majority of these claims, particularly with respect to asbestos and environmental claims, are presented under policies written many years ago. There are significant uncertainties in estimating the amount of reserves required for asbestos, environmental and other latent claims. Reserves for these exposures cannot be estimated solely with the traditional loss reserving techniques, which rely on historical accident year development factors. Among the uncertainties relating to asbestos, environmental and other latent reserves are a lack of historical data, long reporting delays and complex unresolved legal issues regarding policy coverage and the extent and timing of any such contractual liability. Courts have reached different, and frequently inconsistent, conclusions as to when losses occurred, what claims are covered, under what circumstances the insurer has an obligation to defend, how policy limits are determined and how policy exclusions are applied and interpreted.

No adjustment was made to asbestos, environmental or other latent reserves in the nine months ended September 30, 2007. In 2006 and 2005, based on the Company's internal actuarial review, the Company strengthened its asbestos, environmental and other latent reserves by $33,897 and $44,646, respectively. In 2004, the Company engaged an independent actuarial firm to conduct a ground-up study of the Company's asbestos reserves and based on the results of such study, together with the Company's internal actuarial review, asbestos, environmental and other latent reserves were increased by $100,542 in that year.

Other than Temporary Declines in Value of Investments

The Company's fixed income and equity securities are principally categorized as "available-for-sale" and are carried at their fair value based primarily on quoted market prices. Unrealized gains or losses on the Company's investments, net of applicable income taxes, are included in other comprehensive income. Declines in the market value of invested assets below carrying value are evaluated for other than temporary impairment losses on a quarterly basis. Management considers an impairment as "other than temporary" if evidence indicating that an investment's carrying amount is recoverable within a reasonable period of time, which in the case of fixed income securities may mean until maturity, is outweighed by evidence to the contrary. Management also considers the Company's ability and intent to hold an investment until such recovery of the security's fair value. Notwithstanding the foregoing, with respect to fixed income securities, an impairment may be considered other than temporary if it is probable that the Company will be unable to collect all amounts due under the terms of the securities.

Recognition of impairment losses for declines in the value of fixed income and equity securities attributable to issuer-specific events is based upon all relevant facts and circumstances for each investment. Factors considered by management include, but are not limited to, the impact of issuer-specific events, current and expected future market and economic conditions, the nature of the investment, the number of investment positions with losses, the severity and duration of the impairment and the volatility of the security's market price.

At September 30, 2007, the Company had gross unrealized losses on available-for-sale fixed income and equity securities of $154,435. For the nine months ended September 30, 2007 and 2006, the Company recorded $15,771 and $5,400, respectively, in other than temporary impairment charges. See "Liquidity and Capital Resources – *Insurance Subsidiaries*" below for a further discussion of investments in an unrealized loss position.

Reinsurance Recoverable

Amounts recoverable from reinsurers are initially estimated in conjunction with the establishment of reserves for unpaid losses and LAE. These amounts may be adjusted as actual case reserves are recorded and reinsured claims are settled. The ceding of risk to reinsurers does not relieve the operating companies of their primary obligation to policyholders as the direct insurer. Accordingly, the Company is exposed to the risk that any reinsurer may be unable, or unwilling, to meet the obligations assumed under its reinsurance agreements. Management attempts to mitigate this risk by obtaining collateral and by entering into reinsurance arrangements only with reinsurers that have credit ratings and statutory surplus above certain levels.

In certain circumstances, including the significant deterioration of a reinsurer's financial strength rating, the Company may engage in commutation discussions with an individual reinsurer, essentially canceling and settling the contract at its estimated net present value. The outcome of such discussions may result in a lump sum settlement that is less than the recorded recoverable balance. Losses arising from commutations could have an adverse impact on the Company's results of operations. An estimated allowance for uncollectible reinsurance recoverable is recorded on the basis of periodic evaluation of balances due from reinsurers, judgments regarding reinsurer solvency, known disputes, reporting characteristics of the underlying reinsured business, historical experience, current economic conditions and the state of insurer/reinsurer relations in general, and at the Crum & Forster companies in particular.

At September 30, 2007 and December 31, 2006, reinsurance recoverable was $1,607,458 and $1,733,926, net of reserves for uncollectible reinsurance of $48,253 and $42,777, respectively. The provision for uncollectible reinsurance for the three and nine months ended September 30, 2007 was $2,000 and $6,000, respectively. While management believes the allowance for uncollectible reinsurance recoverable is adequate based on information currently available, failure of reinsurers to meet their obligations could have a material adverse impact on the Company's financial position and results of operations.

Deferred Income Tax Assets

The Company recognizes deferred tax assets and liabilities based on differences between the financial statement carrying amounts and the tax bases of assets and liabilities. Management regularly reviews the Company's deferred tax assets for recoverability based on history of earnings, expectations for future earnings and expected timing of reversals of temporary differences.

Although realization is not assured, management believes the recorded deferred tax assets are fully recoverable based on estimates of the future profitability of Crum & Forster's taxable subsidiaries and current forecasts for the periods through which losses may be carried back and/or forward. The Company has several material deferred tax assets, including loss reserve discounting, undistributed income of foreign investments, deferred gain on retroactive reinsurance and unearned premium adjustment. The realizability of these reversing deferred tax assets is considered in conjunction with similar originating deferred tax assets and other taxable income.

In the third quarter of 2007, the Company entered into a new tax sharing agreement with Fairfax that permits the Company and its subsidiaries to elect to file federal income tax returns on a consolidated basis for tax sharing purposes. The Company has made this election effective January 1, 2007. The election resulted in the utilization of the holding company net operating losses ("NOLs") in the amount of $79,697 in the third quarter of 2007, and will avoid the generation of holding company NOLs going forward, provided the subsidiaries earn sufficient taxable income to offset holding company losses arising principally from interest on the Company's senior notes. For further details see — "*Income Taxes*" below.

At September 30, 2007, there are no valuation allowances against the Company's gross deferred tax assets of $235,578. The Company's current projections of future taxable income are based on assumptions of level to modestly declining business growth and relatively stable combined ratios, with portfolio yields approximating current levels. Should the assumptions of future profitability change significantly, however, or the taxable income of these entities fall far below expectations, a valuation allowance, which could be significant, may have to be established if management believes any portion of the deferred tax asset will not be realized. A valuation allowance may also be required if there is a material change in the tax laws such that the actual effective tax rate or the time periods within which the underlying temporary differences become taxable or deductible change.

Realization of the deferred tax asset under SFAS 109 ultimately depends on the existence of sufficient taxable income available under tax law, including future reversals of existing temporary differences, future taxable income exclusive of reversing differences, taxable income in prior carryback years and tax planning strategies. Future profitability, as it relates to taxable income expectations discussed above, can be negatively affected by substantial changes in premium volume, underwriting losses resulting from significant events such as severe natural disasters or large settlements for asbestos or environmental claims, or materially lower investment results.

Summary of Operations

The Company is a national commercial property and casualty insurance company with a focused underwriting strategy, targeting specialty classes of business and underserved market opportunities. Operating through its home office and regional branch network, the Company writes a broad range of commercial coverages, including workers' compensation, general liability, commercial automobile, property, commercial multi-peril and other lines of business. The Company generally conducts business on a brokerage basis through more than 1,200 producers located throughout the United States. The Company's two largest producers accounted for approximately 5.8% and 5.2% of gross premiums written for the nine months ended September 30, 2007.

The Company's objective is to expand opportunistically into classes of business or market segments that are consistent with its underwriting expertise and have the potential to generate an underwriting profit. Management believes the Company's ability to identify and react to changing market conditions provides it with a competitive advantage.

Based on the experience and underwriting expertise of management, the Company seeks to write new lines of business and expand existing classes of business based on market conditions and expected profitability. The Company offers insurance products designed to meet specific insurance needs of targeted policyholder groups and underwrites specific types of coverage for markets that are generally underserved by the industry.

The profitability of property and casualty insurance companies is primarily determined by their underwriting results and investment performance. Underwriting results are the net result of a company's premiums earned and amounts paid, or expected to be paid, to settle insured claims and policy acquisition costs and other underwriting expenses. The insurance business is unique in that premiums charged for insurance coverage are set without certainty of the ultimate claim costs to be incurred on a given policy. This requires that liabilities be estimated and recorded in recognition of future loss and settlement obligations. Due to the inherent uncertainty in estimating these liabilities, there can be no assurance that actual liabilities will not exceed recorded amounts or premiums received. The ultimate adequacy of premium rates is affected mainly by the severity and frequency of claims, which are influenced by many factors, including natural and man-made disasters, regulatory measures and court decisions that define and expand the extent of coverage. Insurance premium rates are also influenced by available insurance capacity or the industry's willingness to deploy capital to cover each insurable risk.

Premiums collected are invested until funds are required to pay settled claims. Insurance company investment portfolios generally must provide a balance among total return, capital preservation and liquidity in order to generate sufficient funds for payment of claims as they are settled. The Company follows a long-term, value-oriented investment philosophy, with the goal of optimizing investment returns viewed on a total return basis, without reaching for yield, while maintaining sensitivity to liquidity requirements. The Company attempts to protect its capital from loss. Management believes that investing in debt and equity securities selling at prices below intrinsic value better protects the Company's capital.

Management monitors the contribution to earnings of underwriting operations and investment results separately. The ability to achieve underwriting profitability on a consistent basis is the core competency of a property and casualty insurance company, demonstrating discipline, individual risk selection and pricing skills, and effective risk management on a portfolio basis. The underwriting functions of the Company are managed separately from the investment operations. Accordingly, in assessing the Company's results of operations, management evaluates underwriting results separately from investment performance.

With respect to the Company's underwriting operations, management monitors key indicators of growth and profitability. Growth is generally measured in terms of gross premiums written. Management further monitors growth in its gross premiums written in terms of its rate of retention of existing policyholders, increases or decreases in the pricing of renewed policies and the growth in new business premiums. Underwriting profitability is measured both in dollars and by the combined ratio, a standard industry measure. Underwriting profit or loss equals premiums earned less losses and LAE, policy acquisition costs and other underwriting expenses. The combined ratio expresses underwriting results as a percentage of premiums earned and generally comprises two components: the loss ratio, which is the percentage of losses and LAE to premiums earned, and the expense ratio, which is the percentage of the sum of policy acquisition costs and other underwriting expenses to premiums earned. A combined ratio less than 100% indicates an underwriting profit; a combined ratio greater than 100% indicates an underwriting loss.

Underwriting profit or loss expressed in dollars is considered a non-GAAP financial measure. The table at the beginning of the Results of Operations section that follows presents the separate contribution of underwriting and investment operations to income before income taxes on a GAAP basis. An understanding of a property and casualty insurance company's financial condition, results of operations and profit and growth prospects begins with an assessment of the entity's ability to underwrite effectively. Underwriting is the core business of such companies; investment operations are a separate function. Management monitors the Company's consolidated results on this basis and likewise reports such results to its board of directors. Rating agencies and securities analysts also focus separately on underwriting and investment results. In annual and quarterly statements to state insurance regulators prepared in accordance with statutory accounting practices, underwriting profit or loss is presented separately from investment results. Underwriting profit or loss, together with the related combined ratio, are widely followed measures in the property and casualty insurance industry.

Investment results are generally measured in terms of total return on assets under management. Growth in the Company's cash and invested assets is also a key measure of investment performance.

The property and casualty insurance business is cyclical and influenced by many factors, including price competition, economic conditions, natural and man-made disasters (for example, hurricanes, earthquakes and terrorism), availability and cost of reinsurance, interest rates, state regulations, court decisions and changes in the law. The property and casualty marketplace continues to be increasingly competitive. The casualty market softened throughout 2006, particularly for California workers' compensation policies in reaction to workers' compensation system reforms and very favorable industry accident year results. In 2007, pricing pressure for casualty accounts intensified countrywide, particularly for larger accounts, making it very challenging to acquire new accounts at adequate prices. While property market conditions improved significantly in the first three quarters of 2006 in the wake of the 2005 hurricane activity, the market began to soften in the fourth quarter of 2006, fueled by the mild hurricane season. This market softening continued through 2007, becoming more pronounced in the third quarter, with several major competitors offering more capacity in the coastal wind areas and greater capacity and more competitive pricing in non-catastrophe exposed business. In the nine months ended September 30, 2007, renewal pricing in the Company's casualty lines declined by approximately 7% and renewal pricing in the Company's property lines declined by approximately 9%. New business in the first nine months of 2007 declined by approximately 17% in casualty lines and approximately 26% in property lines as compared to new business written in the first nine months of 2006. The Company's overall renewal retention rate increased by approximately four percentage points in the first nine months of 2007.

Effective April 1, 2007, Seneca placed its property catastrophe reinsurance treaty. The expiring treaty provided coverage of $25 million in excess of $5 million per occurrence for an annual premium of $2,625. The new treaty provides coverage of $40 million in excess of $5 million per occurrence for an annual premium of $2,829. Seneca is obliged to reinstate any limits used at 100% of the original premium.

Effective May 1, 2007, the Company placed its property catastrophe treaty (excluding Seneca). The expiring treaty provided coverage of $210 million in excess of $40 million per occurrence. The Company's participation in the $210 million of coverage was $22,653 and the premium for the coverage, net of Company participation, was approximately $60 million. The new treaty provides coverage of $100 million in excess of $100 million per occurrence for an annual premium of $18 million. The Company is obliged to reinstate any limits used at 100% of the original premium. The Company also purchased California only earthquake coverage of $100 million in excess of $200 million per occurrence for an estimated annual premium of $7 million. The decision to increase the retention and purchase less coverage was based on the Company's reduced property exposures in catastrophe-prone zones and the cost of property catastrophe reinsurance at lower attachment points.

Results of Operations

The components of the Company's net income, and certain ratios based thereon, are summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Gross premiums written	$296,892	$336,553	$969,418	$1,025,153
Net premiums written	$266,779	$292,506	$860,533	$ 886,858
Premiums earned	$293,375	$279,631	$893,903	$ 791,178
Losses and LAE	192,468	190,457	587,618	541,150
Underwriting expenses	86,557	82,013	253,739	231,414
Underwriting income	14,350	7,161	52,546	18,614
Investment income and realized investment gains and losses	104,516	66,597	182,853	347,414
Interest and other expense	8,120	10,065	23,795	30,793
Costs related to early retirement of debt	—	—	21,188	—
Income before income taxes and equity in earnings of investees	110,746	63,693	190,416	335,235
Income tax expense	37,940	21,674	64,147	115,139
Income before equity in earnings of investees	72,806	42,019	126,269	220,096
Equity in earnings of investees, net of tax	10,051	3,846	18,146	9,915
Net income	$ 82,857	$ 45,865	$144,415	$ 230,011
Loss and LAE ratio	65.6%	68.1%	65.7%	68.4%
Underwriting expense ratio	29.5	29.3	28.4	29.2
Combined ratio	95.1%	97.4%	94.1%	97.6%

The increase in net income in the third quarter of 2007 as compared to the third quarter of 2006 was due to improved underwriting results, higher investment income and realized investment gains and losses and higher equity in earnings of investees. Investment income and realized investment gains and losses increased primarily due to significant mark to market gains on the credit default swaps in the third quarter of 2007. By comparison, the third quarter of 2006 included significant realized investment gains on the sale of certain fixed income and equity securities. The increase in equity in earnings of investees was primarily attributable to higher earnings from Northbridge Financial Corporation ("Northbridge"), an affiliate of the Company.

The decrease in net income in the nine months ended September 30, 2007, as compared to the nine months ended September 30, 2006, was principally due to lower investment income and realized investment gains and losses and debt retirement charges, partially offset by improved underwriting results and higher equity in earnings of investees. Contributing to the decline in investment income and realized investment gains and losses in the nine months ended September 30, 2007 as compared to 2006, was the significant level of realized investment gains achieved on the sale of certain fixed income and equity securities as well as higher earnings from HWIC Asia Fund ("HWIC"), an affiliated equity method investee, and higher earnings from other partnerships in 2006. Partially offsetting these effects were the significant mark to market gains on the Company's credit default swaps in the nine months ended September 30, 2007.

During the second quarter of 2006, the Company identified certain adjustments associated with its accounting for investments and recorded a cumulative charge to net income in the six months ended June 30, 2006 of $5,678 pre-tax ($3,691 after-tax) for these adjustments. Of the $5,678 pre-tax charge, $4,255 was recorded as a charge to realized investment gains, $3,534 ($2,297 after-tax) was recorded as a charge to equity in earnings of investees (including $456 of previously waived immaterial adjustments) and $2,111 was recorded as an increase to investment income on the consolidated statements of income. During the third quarter of 2006, the Company identified additional adjustments in respect of its investment accounting. The net effect of these adjustments was to decrease investment income in the three months ended September 30, 2006 by $6,962 pre-tax ($4,525 after-tax) and increase investment income in the nine months ended September 30, 2006 by $2,589 pre-tax ($1,683 after-tax). The aggregate effect of the second and third quarter adjustments was a reduction of income for the nine months ended September 30, 2006 of $3,089 pre-tax ($2,008 after tax). For further details, see Note 11 to the consolidated financial statements.

Underwriting Results

Gross Premiums Written

Gross premiums written by line of business are summarized as follows:

	Three Months Ended September 30,			
	2007	2006	Increase/ (Decrease)	Percent Change
Workers' compensation	$ 69,887	$ 72,218	$ (2,331)	(3.2)%
General liability	58,201	68,820	(10,619)	(15.4)%
Commercial automobile	52,288	53,838	(1,550)	(2.9)%
Property	55,010	97,291	(42,281)	(43.5)%
Commercial multi-peril	24,159	20,999	3,160	15.0%
Other	37,347	23,387	13,960	59.7%
Total gross premiums written	$296,892	$336,553	$ (39,661)	(11.8)%

	Nine Months Ended September 30,			
	2007	2006	Increase/ (Decrease)	Percent Change
Workers' compensation	$204,547	$ 212,119	$ (7,572)	(3.6)%
General liability	198,310	233,815	(35,505)	(15.2)%
Commercial automobile	158,941	168,778	(9,837)	(5.8)%
Property	235,559	292,206	(56,647)	(19.4)%
Commercial multi-peril	67,436	58,375	9,061	15.5%
Other	104,625	59,860	44,765	74.8%
Total gross premiums written	$969,418	$1,025,153	$ (55,735)	(5.4)%

Other lines of business include the following:

	Three Months Ended September 30,			
	2007	2006	Increase/ (Decrease)	Percent Change
Accident and health	$27,850	$13,022	$ 14,828	113.9%
Surety	3,462	3,613	(151)	(4.2)%
Homeowners	1,727	1,811	(84)	(4.6)%
Personal automobile	4,308	4,941	(633)	(12.8)%
Total gross premiums written in other	$37,347	$23,387	$ 13,960	59.7%

	Nine Months Ended September 30,			
	2007	2006	Increase/ (Decrease)	Percent Change
Accident and health	$ 81,532	$35,974	$ 45,558	126.6%
Surety	10,785	10,186	599	5.9%
Homeowners	5,139	5,378	(239)	(4.4)%
Personal automobile	7,169	8,322	(1,153)	(13.9%)
Total gross premiums written in other	$104,625	$59,860	$ 44,765	74.8%

For the three months ended September 30, 2007, gross premiums written associated with the Company's core commercial lines of business (excludes "other" lines of business in the tables above), declined by $53,621, or 17.1%, compared to the three months ended September 30, 2006, primarily due to a decline in new business of approximately 33% and price decreases on renewal policies of approximately 8%, partially offset by an increase in renewal retention rates of approximately seven percentage points. For the nine months ended September 30, 2007, gross premiums associated with core commercial lines declined by $100,500, or 10.4%, compared to the corresponding 2006 period, primarily due to a decline in new business of approximately 21% and price decreases on renewal policies of approximately 8%, partially offset by an increase in renewal retention rates of approximately four percentage points.

The property market in particular became significantly softer in the third quarter of 2007, as reflected by the decline in gross premiums written of approximately 44%, with several major competitors offering greater capacity and more competitive pricing in both catastrophe and non-catastrophe exposed areas. In the face of increased competition in the marketplace, the Company remains committed to maintaining adequate pricing and underwriting profitability levels.

Casualty gross premiums written

For the three and nine months ended September 30, 2007, gross premiums written in casualty lines, which include the workers' compensation, general liability and commercial automobile lines of business, decreased by $14,500, or 7.4%, and $52,914, or 8.6%, respectively, as compared to the three months and nine months ended September 30, 2006 due to a decline in new business and price decreases on renewal policies, partially offset by an increase in renewal retention rates. For the nine months ended September 30, 2007, new business declined by approximately 17% and prices on renewal policies declined by approximately 7% whereas renewal retention rates increased by approximately four percentage points.

The casualty market experienced an acceleration of softening market conditions during 2006, particularly with respect to the California workers' compensation business, which has been affected by declining market prices as a consequence of system reforms and very favorable industry accident year results in recent years. More recently, pricing pressure for casualty classes intensified countrywide.

Property gross premiums written

For the three and nine months ended September 30, 2007, gross premiums written in property lines, which include the property and commercial multi-peril lines of business, decreased by $39,121, or 33.1%, and $47,586, or 13.6%, respectively, as compared to the three and nine months ended September 30, 2006, primarily due to a decline in new business and price decreases on renewal policies, partially offset by an increase in renewal retention rates. The property market experienced a significant hardening in the first three quarters of 2006 in the wake of the 2005 hurricane activity, but showed signs of softening in the fourth quarter. This market softening, primarily driven by the mild 2006 hurricane activity, continued through the first nine months of 2007, with several major competitors offering more capacity in the coastal wind areas and greater capacity and more competitive pricing in non-catastrophe exposed business. The property market became significantly softer in the third quarter of 2007, even in catastrophe-exposed areas, as evidenced by the decline in new business of approximately 52%. For the nine months ended September 30, 2007, new business declined by approximately 26% and prices on renewal policies declined by approximately 9% whereas renewal retention rates increased by approximately five percentage points.

Other gross premiums written

The increase in other gross premiums written in both the three and nine month periods ended September 30, 2007 as compared to 2006, was primarily due to significant growth in the Company's accident and health book of business. Previously written in the "B++" rated Fairmont companies, the accident and health business has particularly benefited from Crum & Forster's "A-" A.M. Best rating. The growth in accident and health gross premiums written was also partially due to relatively low gross premiums written in 2006.

Net Premiums Written

For the three months ended September 30, 2007, net premiums written decreased by $25,727, or 8.8%, compared to the three months ended September 30, 2006. For the nine months ended September 30, 2007, net premiums written decreased by $26,325, or 3.0%, compared to the nine months ended September 30, 2006. The lower decline in net premiums written relative to gross premiums written is due to increased retention on the property, umbrella and accident and health lines of business.

Premiums Earned

Premiums earned reflect the amount of net premiums written applicable to the portion of the policy term that expires in a given period. The Company generally earns premiums on a pro-rata basis over the period in which the coverage is provided. For the three and nine months ended September 30, 2007, premiums earned increased by $13,744, or 4.9%, and $102,725, or 13.0%, respectively, as compared to the three and nine months ended September 30, 2006. The increase in premiums earned relative to the decline in net premiums written is primarily attributable to the Fairmont business which the Company assumed at the start of 2006 and which therefore contributed a lower portion to premiums earned year to date through September 30, 2006 as compared to 2007. Further, accident and health premiums, which grew significantly in 2007, are earned as written.

Losses and Loss Adjustment Expenses

For the three and nine months ended September 30, 2007, the Company's calendar year loss and LAE ratio improved to 65.6% and 65.7%, respectively, compared to 68.1% and 68.4%, for the three and nine month periods ended September 30, 2006, respectively. The improvement in the nine months ended September 30, 2007 as compared to 2006 is due to an improved accident year loss ratio, as discussed below, and higher favorable prior year loss development. The majority of the net favorable development was in the workers' compensation line of business in accident years 2006, 2005 and 2004, partially offset by adverse emergence of property losses in accident year 2006. Included in prior year favorable loss development was $10,819 and $10,249 of amortization of deferred income on retroactive reinsurance contracts in the nine months ended September 30, 2007 and 2006, respectively.

The accident year loss and LAE ratio improved to 69.8% for the first nine months of 2007 compared to 71.9% for the first nine months of 2006. The decrease is primarily due to lower catastrophe losses in 2007 compared to 2006. Results for accident year 2006 were also adversely affected by unfavorable loss emergence in property, reflecting an increased frequency of large fire losses over this period, particularly with respect to habitational business. The full year accident year 2006 loss ratio was 70.3%.

Underwriting Expenses

Underwriting expenses are comprised of policy acquisition costs and other underwriting expenses. Policy acquisition costs are those costs that vary with and are primarily related to the acquisition of new and renewal policies and are comprised of commissions paid to producers and premium taxes. Other underwriting expenses consist of all other operating expenses associated with the Company's underwriting activities, including salaries and benefits, information technology and rent. For the three and nine months ended September 30, 2007, the Company's underwriting expense ratio was 29.5% and 28.4%, respectively, as compared to an underwriting expense ratio of 29.3% and 29.2% for the three and nine months ended September 30, 2006, respectively.

The Company's policy acquisition expense ratio increased to 15.6% and 14.7% for the three and nine months ended September 30, 2007, respectively, from 15.1% and 14.0% for the three months and nine months ended September 30, 2006, respectively. The increase for the three and nine month period ended September 30, 2007 as compared to 2006, was due to lower ceding commissions paid to the Company by reinsurers, attributable to higher retained limits, and higher direct commission rates.

The Company's other underwriting expense ratio improved to 13.9% and 13.7% for the three and nine months ended September 30, 2007, respectively, compared to 14.2% and 15.2% for the three and nine months ended September 30, 2006, respectively. The improvement is primarily attributable to the growth in earned premiums.

Investment Results

Information on the Company's investment results is summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Average investments, including cash and cash equivalents, at book value[1]	$4,161,348	$3,807,875	$4,077,203	$3,725,919
Investment income	$ 34,296	$ 21,096	$ 109,226	$ 170,375
Realized investment gains	70,220	45,501	73,627	177,039
Pre-tax equity in earnings of investees	15,463	5,917	27,917	15,254
Change in unrealized investment gains (losses) and foreign currency translation	88,024	106,392	66,224	(127,958)
Total return on investments	$ 208,003	$ 178,906	$ 276,994	$ 234,710
Annualized total return on investments	20.0%	18.8%	9.1%	8.4%

1 Includes book value of assets pledged for short-sale obligations of $883,035 at September 30, 2007 ($545,845 at September 30, 2006).

The Company manages its investment portfolio with an emphasis on total return. Total return for the period is the sum of investment income (including pre-tax equity in earnings of investees), realized investment gains and losses and changes in the market value of the portfolio expressed as a percentage of the average book value of the portfolio during the period. Total annualized rate of return was 20.0% and 9.1% for the three and nine months ended September 30, 2007, respectively, as compared to 18.8% and 8.4% for the three and nine months ended September 30, 2006, respectively. Funds held interest related to corporate aggregate reinsurance contracts reduced the rate of return for the three and nine months ended September 30, 2007 by 0.4% and by 0.5% for the three and nine months ended September 30, 2006.

The following paragraphs discuss each component of the return on investments.

The increase in investment income of $13,200, or 62.6%, in the third quarter of 2007 as compared to the third quarter of 2006 was primarily due to higher income from other invested assets and lower investment fees. In the third quarter of 2006, investment income was adversely affected by net adjustments of approximately $6,962 pre-tax in respect of the Company's equity method investees. For further details on accounting adjustments in respect of certain investments in the prior year, see Note 11 to the consolidated financial statements. For the nine months ended September 30, 2007, the decrease in investment income of $61,149, or 35.9%, compared to the nine months ended September 30, 2006, was primarily due to lower earnings from HWIC, which realized significant capital gains through September 30, 2006, as well as lower earnings from other partnerships. Earnings from HWIC and other partnerships were $1,869 and $8,153, respectively, in the nine months ended September 30, 2007 and $58,750 and $22,286, respectively, in the nine months ended September 30, 2006. Partially offsetting these effects were lower investment fees charged in 2007 compared to 2006.

The increase in realized investment gains of $24,719, or 54.3%, in the third quarter of 2007 as compared to the third quarter of 2006 was primarily due to mark to market gains on the credit default swaps of $73,510 in the third quarter of 2007, attributable to a widening of credit spreads, compared to mark to market losses of $13,322 in the third quarter of 2006. Partially offsetting this effect was a decline in the level of net realized gains achieved on the sale of certain fixed income and equity securities to $333 in third quarter of 2007 as compared to $73,238 in the third quarter of 2006. For the nine months ended September 30, 2007, the decrease in realized investment gains of $103,412, or 58.4%, as compared to the nine months ended September 30, 2006, was primarily the result of significant net realized gains achieved on the sale of certain fixed income and equity securities in 2006, including a $106,758 gain on the sale of Zenith National Insurance Corp ("Zenith") common stock and a $38,045 gain on the sale of a fixed income security. Additionally, realized gains in the nine months ended September 30, 2007, benefited from $85,319 of mark to market gains on the Company's credit default swaps as compared to mark to market losses of $18,010 in the nine months ended September 30, 2006. Included in net realized investment gains discussed above are other than temporary impairment charges of $15,771 for the three and nine months ended September 30, 2007, and $5,400 for the nine months ended September 30, 2006.

Pre-tax equity in earnings of investees was $15,463 and $27,917, and $5,917 and $15,254, for the three and nine months ended September 30, 2007 and 2006, respectively. The increase in pre-tax equity in earnings of investees in both the three and nine month periods ended September 30, 2007, was primarily attributable to higher earnings from Northbridge. Northbridge reported significant realized investment gains in the second quarter of 2007, attributable to the gain on the sale of its investment in Hub International Limited, which the Company accounted for in its third quarter earnings on a normal quarterly lag basis. Northbridge contributed $15,445 and $27,212, and $4,510 and $12,881, to the Company's pre-tax equity in earnings of investees in the three and nine months ended September 30, 2007 and 2006, respectively. Northbridge's earnings in the nine month period ended September 30, 2006 were affected by equity adjustments and mark to market adjustments in respect of the derivative features embedded in convertible bonds. For further details on accounting adjustments in respect of certain investments in the prior year, see Note 11 to the consolidated financial statements.

In the three months ended September 30, 2007 and 2006, the change in unrealized investment gains and losses and foreign currency translation was principally due to the combined effects of a rally in the U.S. Treasury market, attributable to the collapse in the sub-prime mortgage market, and a weakening U.S. dollar which resulted in an increase in foreign currency translation gains. In the nine months ended September 30, 2007, the change in unrealized investment gains and losses and foreign currency translation was principally due to an increase in unrealized gains on the Company's equity portfolio and other invested assets. In the nine months ended September 30, 2006, the change in unrealized investment gains and losses was primarily due to a reduction in unrealized gains on equity securities attributable to the sale of certain equity securities, including approximately $92.3 million on the aforementioned sale of Zenith common stock.

Interest and Other Expense

For the three and nine months ended September 30, 2007, interest and other expenses, excluding costs related to early retirement of debt of $21,188, were $8,120 and $23,795, respectively, as compared to $10,065 and $30,793, respectively, for the three and nine months ended September 30, 2006. The Company has benefited from lower interest expense in the three and nine months ended September 30, 2007, attributable to the restructuring of its long-term debt, described more fully in Note 7 to the consolidated financial statements. Additionally, for the nine months ended September 30, 2007, the Company benefited from lower expenses attributable to lower charitable contributions and compensation costs.

Income Taxes

In the third quarter of 2007, the Company entered into a new tax sharing agreement with Fairfax that permits the Company and its subsidiaries to elect to file federal income tax returns on a consolidated basis for tax sharing purposes. The Company has made this election effective January 1, 2007. Accordingly, tax sharing for the third quarter of 2007 reflected the utilization of holding company NOLs in the amount of $79,697, which was paid by Fairfax in the form of cash of $37,815 and a note for $41,882. This cash and note at the holding company permitted the payment of a dividend of $79,700 to Fairfax (discussed further below in Liquidity and Capital Resources) on September 11, 2007. The election going forward will avoid the generation of holding company NOLs, provided the subsidiaries earn sufficient taxable income to offset holding company losses.

Liquidity and Capital Resources

Holding Company

As a holding company with no direct operations, Crum & Forster Holdings Corp.'s (referred to in this section as the Company) assets consist primarily of its investments in the capital stock of its insurance subsidiaries. The Company requires cash to meet its annual debt service obligations (approximately $26,000 per year), to pay corporate expenses and, ultimately, to repay the $334,270 aggregate principal amount of senior notes, $4,270 of which is due in 2013 and $330,000 of which is due in 2017. For further details on the Company's long-term debt, see Note 7 to the consolidated financial statements. The Company's ability to satisfy its corporate obligations is primarily dependent on the dividend paying capacity of its subsidiaries. State insurance laws restrict the amount of shareholder dividends that insurance companies may pay without prior approval of regulatory authorities.

The ability of the Company's insurance subsidiaries to pay dividends depends, among other things, on such subsidiaries having positive statutory earned surplus. The Company's principal insurance subsidiaries are US Fire and North River. At September 30, 2007, US Fire reported statutory earned surplus of $364,965 and North River reported statutory earned surplus of $70,180. On March 29, 2007, US Fire paid a dividend in the amount of $97,300 to the Company. The payment included $9,005 of HWIC Asia Fund stock at market value and $88,295 of cash. On May 14, 2007, North River paid a dividend in the amount of $40,900 to the Company. After the aforementioned dividend actions, neither US Fire nor North River may pay additional dividends in 2007 without prior regulatory approval.

Cash used in financing activities was primarily in respect of dividends paid to Fairfax of $128,818 and $90,000 in the nine months ended September 30, 2007 and 2006, respectively, and refinancing of the Company's long-term debt in 2007. On March 29, 2007 and May 29, 2007, the Company paid cash shareholder dividends of $61,000 and $30,000, respectively, to Fairfax. On September 11, 2007, the Company paid an additional dividend to Fairfax of $79,700, consisting of $37,818 cash and a promissory note of $41,882. In May 2007, the Company issued pursuant to a private offering (the "Offering") $330,000 aggregate principal amount of 7-3/4% senior notes due May 1, 2017 (the "2017 Notes") at an issue price of 100%. Net proceeds of the Offering to the Company, after commissions and expenses, of approximately $325,100 were used to repurchase $295,730 of the Company's outstanding $300,000 aggregate principal amount of 10-3/8% senior notes due June 15, 2013 (the "2013 Notes"), through a tender offer which the Company completed in May 2007. The Company paid approximately $325,700 to purchase the 2013 Notes tendered. For further details on the Company's long-term debt, see Note 7 to the consolidated financial statements.

Shareholder's equity was $1,109,154 at September 30, 2007, as compared to $1,093,055 at December 31, 2006. The increase was primarily the result of current year earnings and net unrealized investment gains partially offset by cash and non-cash dividends paid to Fairfax.

Insurance Subsidiaries

At Crum & Forster's insurance subsidiaries, cash provided by operating activities primarily consists of premium collections, reinsurance recoveries and investment income. Cash provided from these sources is generally used for payment of losses and LAE, policy acquisition costs, operating expenses, ceded reinsurance premiums, income taxes and shareholder dividends, when permitted. Variability in cash provided by and used in operations can occur for many reasons, including changes in gross premiums written, changes in the Company's underwriting results, natural or man-made catastrophes, settlements of large claims including asbestos and environmental claims, commutation of reinsurance contracts and the timing of recoveries from reinsurers, particularly as related to claim payments for natural or man-made catastrophes and asbestos and environmental claims.

Cash provided by operating activities for the nine months ended September 30, 2007 was $49,932 as compared to $82,656 for the nine months ended September 30, 2006. The decrease from prior year is primarily attributable to lower loss recoveries associated with the 2005 hurricanes, higher underwriting expenses reflecting increased compensation and timing of technology payments, lower premium collections and costs related to the early retirement of the Company's 2013 notes, which were partially offset by lower paid losses primarily associated with the 2005 hurricanes, lower reinsurance payments reflecting the favorable effect of higher retentions and lower income tax payments. Cash provided by investing activities for the nine months ended September 30, 2007 was $28,527 as compared to cash provided by investing activities of $394,169 in the nine months ended September 30, 2006. The decrease in cash provided by investing activities in the nine months ended September 30, 2007 was primarily attributable to lower proceeds from the sales of fixed income and equity securities and other invested assets.

Investment Portfolio

Investments in available-for-sale fixed income and equity securities, which include assets pledged for short-sale obligations, are summarized below:

	At September 30, 2007			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed income securities:				
United States government and government agencies and authorities[1]	$ 2,047,038	$ 7,507	$ 124,093	$ 1,930,452
States, municipalities and political subdivisions	2,835	15	6	2,844
Other corporate fixed income securities	7,889	28	2,804	5,113
Total fixed income securities	2,057,762	7,550	126,903	1,938,409
Equity securities:				
Common stocks	638,732	78,976	27,532	690,176
Preferred stocks	8,090	55	—	8,145
Total equity securities	646,822	79,031	27,532	698,321
Total available-for-sale securities	$ 2,704,584	$ 86,581	$ 154,435	$ 2,636,730

[1] Includes U.S. Treasury securities pledged for short-sale obligations at a fair value of $212,029 (amortized cost of $224,048).

The total gross unrealized losses of $154,435 represent 7.8% of the cost or amortized cost of such securities in the aggregate. At September 30, 2007, U.S. Treasury securities accounted for substantially all of the $126,903 of gross unrealized losses in the fixed income portfolio. These securities are backed by the full faith and credit of the United States government and the Company has the ability and intent to hold such securities for a period of time sufficient to allow a market recovery, or to maturity, if necessary.

At September 30, 2007, approximately $16,755, or 60.9%, of the equity portfolio gross unrealized losses was attributable to one security that has been in a loss position for approximately three months and whose loss did not exceed 10% of its cost at September 30, 2007. The remaining balance of the unrealized losses was attributable to seven securities, none of which has been in a loss position for greater than three consecutive months. Five of the seven securities had unrealized losses in excess of 10% of their cost. The Company has the intent and ability to hold such securities for a period of time sufficient to allow a market recovery.

The Company's investment portfolio has exposure to credit risk primarily related to fixed income securities. Management attempts to control this exposure by emphasizing investment grade credit quality in the fixed income securities purchased. Management believes that this concentration in investment grade securities reduces the Company's exposure to credit risk to an acceptable level. At September 30, 2007 and December 31, 2006, 93.3% and 92.0% of the Company's fixed income securities were rated investment grade, respectively.

The Company's investment portfolio includes investments accounted for using the equity method. These investments had a total carrying value of $355,882 and $307,818 at September 30, 2007 and December 31, 2006, respectively, and are included in other invested assets on the consolidated balance sheets. Earnings of investment companies and similar equity method investees are included in investment income on the consolidated statements of income, and earnings of other equity method investees are included in equity in earnings of investees, net of tax, on the consolidated statements of income. For the three and nine months ended September 30, 2007 and 2006, earnings from equity method investees are summarized below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Earnings (losses) of investment companies and similar equity method investees	$ 1,339	$ (7,574)	$ 10,022	$ 81,036
Pre-tax earnings of other equity method investees	15,463	5,917	27,917	15,254
Total earnings (losses) of equity method investees	$ 16,802	$ (1,657)	$ 37,939	$ 96,290
Dividends received from investment companies and other equity method investees	$ 1,327	$ 1,292	$ 4,767	$ 3,840

In February 2006, the FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments - an amendment of FASB Statements Nos. 133 and 140* ("SFAS 155"). SFAS 155 applies to certain "hybrid financial instruments" which are instruments that contain embedded derivatives. The standard establishes a requirement to evaluate beneficial interests in securitized financial assets to determine if the interests represent freestanding derivatives or are hybrid financial instruments requiring bifurcation. SFAS 155 also permits an election for fair value measurement of any hybrid financial instrument that otherwise would require bifurcation under SFAS 133. Changes in fair value are recorded as realized investment gains or losses. The fair value election can be applied to existing instruments on an instrument-by-instrument basis at the date of adoption and to new instruments on a prospective basis. The statement is applicable in fiscal years beginning after September 15, 2006. The Company elected fair value measurement of its hybrid financial instruments, which are comprised of convertible bonds, effective with its adoption of SFAS 155 on January 1, 2007. Prior to January 1, 2007, the Company bifurcated its hybrid financial instruments and changes in the fair value of the host instrument were recorded as unrealized investment gains and losses while changes in the fair value of the embedded derivative were recorded as realized investment gains and losses. At December 31, 2006, the fair value of the host instruments included in fixed income securities was $136,222 and the fair value of embedded derivatives included in other invested assets was $7,372. Upon adoption of SFAS 155, the Company recorded a cumulative adjustment of $10,146, inclusive of an adjustment of $301 in respect of adoption of SFAS 155 by one of the Company's equity method investees, net of tax, to reclassify unrealized investment gains associated with the host instruments to opening retained earnings. At September 30, 2007, the fair value of the Company's hybrid financial instruments was $134,770. For the three and nine months ended September 30, 2007, the Company recorded realized investment losses of $8,172 and $19,189, respectively, as a result of changes in the fair value of hybrid financial instruments.

Ratings

Financial strength ratings issued by third party rating agencies are used by insurance consumers and insurance intermediaries as an important means of assessing the financial strength and quality of insurers. Higher ratings generally indicate relative financial stability and a strong ability to pay claims. Ratings focus on the following factors: capital resources, financial strength, demonstrated management expertise in the insurance business, credit analysis, systems development, marketing, investment operations, minimum policyholders' surplus requirements and capital sufficiency to meet projected growth, as well as access to such traditional capital as may be necessary to continue to meet standards for capital adequacy. Crum & Forster's insurance subsidiaries have an "A-" financial strength rating (the fourth highest of fifteen rating categories) with a positive outlook from A.M. Best, a rating agency and publisher for the insurance industry, and a "BBB" financial strength rating (the fourth highest of nine rating categories) with a stable outlook from Standard & Poor's Insurance Rating Services ("S&P"), also a rating agency for the insurance industry.

Crum & Forster's current ratings are the lowest necessary to compete in its targeted markets. The Company may not maintain its financial strength ratings from the rating agencies. A downgrade or withdrawal of any rating could severely limit or prevent the Company from writing quality new or renewal business, securing adequate reinsurance on acceptable terms and retaining its key management and employees. The Company's ratings by these rating agencies are based on a variety of factors, many of which are outside of its control, including the financial condition of Fairfax and Fairfax's other subsidiaries and affiliates, the financial condition or actions of parties from which the Company has obtained reinsurance, factors relating to the sectors in which the Company or its reinsurers conduct business and the statutory surplus of its insurance subsidiaries, which is adversely affected by underwriting losses and dividends paid by them to Crum & Forster.

The financial strength ratings assigned by rating agencies to insurance companies represent independent opinions of an insurer's financial strength and its ability to meet ongoing obligations to policyholders, and are not directed toward the protection of investors. Ratings by rating agencies of insurance companies are not ratings of securities or recommendations to buy, hold or sell any security.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is principally exposed to three types of market risk related to its investment operations. These risks are interest rate risk, equity price risk and foreign currency exchange risk. The term "market risk" refers to the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity prices and foreign currency exchange rates. All market sensitive instruments discussed here relate to the Company's investment portfolio, including assets pledged for short-sale obligations.

Computations of the prospective effects of hypothetical interest rate, equity price and foreign exchange rate changes shown below are based on numerous assumptions, including the maintenance of the existing level and composition of fixed income, equity and foreign securities, and should not be relied on as indicative of future results. Certain shortcomings are inherent in the methods of analyses presented in the computations of the fair value of fixed rate instruments and in the computations of the impact of potential market movements on equity securities and foreign securities.

Actual values may differ from those projections presented should market conditions vary from assumptions used in the calculation of the fair value of individual securities, including, but not limited to, non-parallel shifts in the term structure of interest rates, changing individual issuer credit spreads and non-parallel movements of foreign exchange rates or equity prices.

Interest Rate Risk

At September 30, 2007, the fair value of Crum & Forster's investment portfolio included $2,073,179 of fixed income securities, including $212,029 of assets pledged for short-sale obligations and $134,770 of hybrid financial instruments, which are subject to interest rate risk. Fluctuations in interest rates have a direct impact on the market values of these securities. As interest rates rise, market values of fixed income portfolios fall, and vice versa. The table below displays the potential impact of market value fluctuations on the Company's fixed income portfolio based on parallel 200 basis point shifts in interest rates up and down, in 100 basis point increments. This analysis was performed on each security individually.

	At September 30, 2007		
	Fair Value of Fixed Income Portfolio	Hypothetical $ Change	Hypothetical % Change
200 basis point decline	$2,624,446	$ 551,267	26.6%
100 basis point decline	$2,325,912	$ 252,733	12.2%
Base scenario	$2,073,179	$ —	0.0%
100 basis point increase	$1,863,360	$(209,819)	(10.1)%
200 basis point increase	$1,683,804	$(389,375)	(18.8)%

As an economic hedge against rising interest rates and deteriorating conditions in the residential housing market, the Company has sold short securities of certain U.S. financial guarantee insurance companies, mortgage insurance companies and financial institutions with a fair value of $43,494 and $24,605 at September 30, 2007 and December 31, 2006, respectively. A hypothetical 10% decrease in the price of these securities would result in a $4,349 decrease in the obligations to purchase the securities sold. At December 31, 2006, a hypothetical 10% decrease in the price of these securities would have resulted in a decrease of $2,461 in the obligations to purchase the securities. The increase in the Company's obligation to purchase the securities sold short is primarily due to an additional $25,000 of security short sales executed in the nine months ended September 30, 2007. The Company expects that a decline in the short-sale obligations will offset losses in the fixed income portfolio in the event of a rise in interest rates.

Equity Price Risk

At September 30, 2007, the Company's equity portfolio included $698,321 of marketable equity securities and $147,666 of equities owned by investment companies and similar equity method investees. This equity portfolio, which represented approximately 19.7% of the Company's investment portfolio, including cash and cash equivalents and assets pledged for short-sale obligations, is exposed to equity price risk, which is defined as the potential for loss in market value owing to declines in equity prices. A hypothetical 10% decline in the price of each of these equity securities would result in a total decline of $84,599 in the fair value of the equity portfolio at September 30, 2007. At December 31, 2006, a hypothetical 10% decline in the price of each of these equity securities would have resulted in a total decline of $79,360 in the fair value of the equity portfolio. The increase in the Company's exposure to equity price risk is the result of the increase in the value of the equity portfolio from December 31, 2006.

As an economic hedge against a decline in the U.S. equity markets, the Company has executed short-sales of Standard & Poor's Depositary receipts ("SPDRs") with a fair value of $610,713 and $375,558 at September 30, 2007 and December 31, 2006, respectively. The Company has purchased S&P Index call options, limiting the potential loss on the future purchases of the SPDRs to approximately $189,000 at September 30, 2007. A hypothetical 10% decrease in the price of the SPDRs would result in a $61,071 decrease in the fair value of the obligations to purchase the SPDRs at September 30, 2007. At December 31, 2006, a hypothetical 10% decrease in the price of the SPDRs would have resulted in a decrease of $37,556 in the fair value of the obligation to purchase the SPDRs. The increase in the Company's obligation to purchase the SPDRs is primarily the result of an additional $200,000 of SPDRs short sales executed in the nine months ended September 30, 2007. The Company expects that a decline in the SPDRs obligations will offset losses in the equity portfolio in the event of a decline in the U.S. equity markets.

Foreign Currency Exchange Rate Risk

Through investments in foreign securities, including certain equity method investees, the Company is exposed to foreign currency exchange rate risk. Foreign currency exchange rate risk is the potential for loss in value owing to a decline in the U.S. dollar value of these investments due to a change in the exchange rate of the foreign currency in which these assets are denominated. At September 30, 2007, the Company's total exposure to foreign currency denominated securities in U.S. dollar terms was approximately $460,165, or 10.7%, of the Company's total investment portfolio, including cash and cash equivalents and assets pledged for short-sale obligations. The primary foreign currency exposures were in Canadian dollar denominated securities and Hong Kong dollar denominated securities, which represented 5.9% and 1.4%, respectively, of the Company's investment portfolio, including cash and cash equivalents and assets pledged for short-sale obligations. The potential impact of a hypothetical 10% decline in each of the foreign exchange rates on the valuation of investment assets denominated in those respective foreign currencies would result in a total decline in the fair value of the total investment portfolio of $46,017 at September 30, 2007. At December 31, 2006, a hypothetical 10% decline in foreign currency exchange rates would have resulted in a total decline of $36,803 in the fair value of the total investment portfolio. The increase in the Company's exposure to foreign currency exchange rate risk is the result of the increase in foreign currency denominated securities.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's principal executive officer and its principal financial officer have evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report. Based on that evaluation, such officers have concluded that the Company's disclosure controls and procedures are effective as of the end of such period.

Internal Control Over Financial Reporting

During the period covered by this report, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The design of any system of controls and procedures is based, in part, upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Part II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On September 7, 2005, Fairfax announced that it had received a subpoena from the SEC requesting documents regarding any non-traditional insurance or reinsurance transactions entered into or offered by Fairfax and the entities in its consolidated group, which includes the Company. The U.S. Attorney's Office for the Southern District of New York is reviewing documents provided to the SEC in response to the subpoena and is participating in the investigation of these matters. Fairfax and entities in its consolidated group are cooperating fully with these requests. Fairfax and certain of the entities in its consolidated group, including the Company, have prepared presentations and provided documents to the SEC and the U.S. Attorney's Office, and employees of Fairfax and certain of the entities in its consolidated group, including senior officers, have attended or have been requested to attend interviews conducted by the SEC and the U.S. Attorney's Office. The Company is cooperating fully in addressing its obligations under this subpoena. This inquiry is ongoing and the Company continues to comply with requests from the SEC and the U.S. Attorney's office. At the present time, the Company cannot predict the outcome of these matters, or the ultimate effect on the Company's consolidated financial statements, which effect could be material and adverse. No assurance can be made that the Company will not be subject to further requests or other regulatory proceedings of a similar kind.

The Company and US Fire, among numerous other insurance company and insurance broker defendants, have been named as defendants in a class action suit filed by policyholders alleging, among other things, that the defendants used the contingent commission structure to deprive policyholders of free competition in the market for insurance. The action, which included civil RICO, federal antitrust and various state law claims, is pending in the U.S. District Court for the District of New Jersey. Plaintiffs seek certification of a nationwide class consisting of all persons who between August 26, 1994 and the date of the class certification engaged the services of any one of the broker defendants and who entered into or renewed a contract of insurance with one of the insurer defendants. In October 2006, the court partially granted defendants' motion to dismiss the plaintiffs' complaint, subject to plaintiffs' filing an amended statement of their case. Plaintiffs thereafter filed their "supplemental statement of particularity" and amended case statement. In response, defendants filed a renewed motion to dismiss. On August 31, 2007, the Court dismissed the antitrust claims with prejudice. On September 28, 2007, the court dismissed the RICO case with prejudice and declined to accept supplemental jurisdiction over plaintiffs' state law claims. The Judge gave the plaintiffs 30 days to re-plead a basis for federal jurisdiction over the state law claims, but plaintiffs elected instead to file a notice of appeal of the dismissal orders to the U.S. Court of Appeals for the Third Circuit. Crum & Forster Holdings Corp. and US Fire continue to be named as defendants and intend to vigorously defend the action.

Kelly-Moore Paint Company, Inc. ("Kelly-Moore") filed litigation against the Company in the San Francisco Superior Court (California) in connection with certain general liability and umbrella liability policies issued to it. The litigation seeks coverage for bodily injury claims arising out of exposure to asbestos-containing products that Kelly-Moore and/or a subsidiary sold between 1960 and 1978. It also seeks breach of contract and bad faith damages. In May 2006, Kelly-Moore filed a second amended complaint seeking to recover from the Company defense costs it allegedly paid to defend asbestos claims. Kelly-Moore also seeks payment of sums for contribution and/or subrogation pursuant to three other excess insurers' assigned claims based on defense payments allegedly made on Kelly-Moore's behalf. The Company has learned through discovery and submissions to the court filed by Kelly-Moore that Kelly-Moore is seeking $53 million for the defense costs, plus interest, and an additional $33 million for the contribution/subrogation claims. Kelly-Moore also seeks to recover extra-contractual damages as part of its bad faith claim. The Company anticipates that Kelly-Moore will allege it is entitled to bad faith and punitive damages in a material amount. While the Company does not believe that any of these allegations has merit as a matter of law, we cannot predict with certainty the ultimate outcome of the claims. We do not expect the outcome to have a material adverse effect on the Company's financial condition. The Company has been vigorously defending against the claims of Kelly-Moore, and will continue to do so. The Company filed a cross-complaint against Kelly-Moore seeking reimbursement of certain substantial loss and expense payments made to or on behalf of Kelly-Moore to date.

In the ordinary course of their business, Crum & Forster's subsidiaries receive claims asserting alleged injuries and damages from asbestos and other hazardous waste and toxic substances and are subject to related coverage litigation. The conditions surrounding the final resolution of these claims and the related litigation continue to change. Currently, it is not possible to predict judicial and legislative changes and their impact on the future development of asbestos and environmental claims and litigation. This trend will be affected by future court decisions and interpretations, as well as changes in applicable legislation and the possible implementation of a proposed federal compensation scheme for asbestos-related injuries. As a result of these uncertainties, additional liabilities may arise for amounts in excess of current reserves for asbestos, environmental and other latent exposures. These additional amounts, or a range of these additional amounts, cannot currently be reasonably estimated. As a result of these claims, management continually reviews required reserves and reinsurance recoverable. In each of these areas of exposure, the Company litigates individual cases when appropriate and endeavors to settle other claims on favorable terms.

The Company's subsidiaries are involved in various lawsuits and arbitration proceedings arising in the ordinary course of business. These lawsuits and arbitration proceedings include, in some cases, claims for extra-contractual or "bad faith" damages, or claims for imposition of statutory penalties or multipliers. While the outcome of such matters cannot be predicted with certainty, in the opinion of management, no such matter is likely to have a material adverse effect on the Company's consolidated net income, financial position or liquidity. However, it should be noted that the frequency of large damage awards in some jurisdictions, including punitive damage awards that bear little or no relation to actual economic damages incurred by plaintiffs, continues to create the potential for an unpredictable judgment in any given matter.

ITEM 6. EXHIBITS

See Index to Exhibits.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CRUM & FORSTER HOLDINGS CORP.
(Registrant)

Date: November 1, 2007

By: /s/ *Nikolas Antonopoulos*
Nikolas Antonopoulos
President and Chief Executive Officer

Date: November 1, 2007

By: /s/ *Mary Jane Robertson*
Mary Jane Robertson
Executive Vice President, Chief Financial Officer and Treasurer

INDEX TO EXHIBITS

	Exhibit No.	
*	10.44	Crum & Forster Holdings Corp. 2007 Long Term Incentive Plan
*	10.45	Fairfax Inc. and Crum & Forster Holdings Corp. Inter-Company Tax Allocation Agreement effective as of January 1, 2007
*	10.46	Amended and Restated Employment Agreement of Nikolas Antonopoulos effective as of June 1, 2007
*	10.47	Amended and Restated Employment Agreement of Mary Jane Robertson effective as of June 1, 2007
*	10.48	Amended and Restated Employment Agreement of Joseph Braunstein effective as of June 1, 2007
*	31.1	Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*	31.2	Certification of Executive Vice President, Chief Financial Officer and Treasurer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*	32.1	Certification of President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*	32.2	Certification of Executive Vice President, Chief Financial Officer and Treasurer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
	99.1	Risk Factors (incorporated into Part II of this Form 10-Q by reference to the section entitled "Risk Factors" in the Company's Prospectus filed with the SEC pursuant to rule 424(b)(3) on July 13, 2007).

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* Filed herewith

Exhibit 10.44

CRUM & FORSTER HOLDINGS CORP.
2007 LONG TERM INCENTIVE PLAN

1. Purpose of the Plan. The Crum & Forster Holdings Corp. 2007 Long Term Incentive Plan is intended to maximize the growth, profitability and overall success of the Company by attracting and retaining the best available personnel for positions of substantial responsibility. To attain these goals, the Plan provides for cash Awards.

2. Administration of the Plan.

2.1 General. The Plan shall be administered by the Board or by the Committee, as determined by the Board or the Committee in its sole discretion.

2.2 Plan Administration and Rules. The Board shall have, and may delegate to the Committee, the exclusive discretion and authority to construe and interpret the Plan and to promulgate, amend and rescind rules and regulations relating to the implementation and administration of the Plan. Subject to the terms and conditions of the Plan, the Board or the Committee shall make all determinations necessary or advisable for the implementation and administration of the Plan, including, without limitation, (a) selecting the Plan's Participants, (b) making Awards in such amounts and form as the Board or the Committee shall determine, (c) imposing such restrictions, terms and conditions upon such Awards as the Board or the Committee shall deem appropriate, (d) correcting any technical defect(s) or technical omission(s), or reconciling any technical inconsistency(ies), in the Plan and/or any Award Agreement, and (e) approving forms of agreement and other forms for use under the Plan. The Board or the Committee may designate persons other than members of the Board or the Committee to carry out the day-to-day ministerial administration of the Plan, including a sub-administrator, under such conditions and limitations as it may prescribe. The Board's or the Committee's determinations under the Plan need not be uniform and may be made selectively among Participants, whether or not such Participants are similarly situated. Any determination, decision or action of the Board or the Committee in connection with the construction, interpretation, administration, or implementation of the Plan shall be final, conclusive and binding upon all Participants and any person(s) claiming under or through any Participants. The Company shall effect the granting of Awards under the Plan, in accordance with the determinations made by the Board or the Committee, by execution of written agreements and/or other instruments in such form as is approved by the Board or the Committee.

2.3 Liability Limitation. Neither the Board nor the Committee, nor any member of either or any delegatee therefrom, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan (or any Award Agreement), and the members of the Board and the Committee (and any delegatees therefrom) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage which may be in effect from time to time.

2.4 Additional Powers. In addition to the foregoing, the Board or the Committee may delegate to the Chief Executive Officer of the Company the authority to select the Plan's Participants and to make Awards in such amount and in such form as such officer may decide in his or her sole discretion.

3. Eligibility. Awards may be granted to Employees who hold a senior management or officer position with the Company or a Subsidiary, or any other Employee designated by the Administrator. An Employee who has been granted an Award may, if otherwise eligible, be granted additional Awards. The Plan shall not confer upon any Participant any right with respect to continuation of any employment or other relationship with the Company or any Subsidiary, nor shall it interfere in any way with his or her right or the Company's or Subsidiary's right to terminate his or her employment or other relationship at any time for any reason.

4. Award Limitation. The aggregate cash value of Awards granted in 2007 shall not exceed $12,500,000. The aggregate value of Awards in each subsequent year in which the Plan is in existence shall be determined by the Administrator in its sole discretion, taking into consideration the underwriting results of the Subsidiaries.

5. Awards.

5.1 Terms and Conditions. Awards shall be subject to the terms and conditions set forth in this Plan, and any additional terms and conditions set forth in the relevant Award Agreement that are not inconsistent with the express terms and conditions of the Plan. Subject to the foregoing, the Administrator may provide or impose different terms and conditions on any Award. The Administrator intends to grant Awards no more frequently than bi-annually.

5.2 Award Value. The Administrator shall determine the cash value of each Award. The cash value shall be the amount paid in cash to the Participant, in accordance with Section 6, upon the Participant satisfying the applicable terms and conditions of the Award.

5.3 Vesting. The Administrator shall determine the Vesting Start Date for each Award (which date may be prospective or retroactive). Unless otherwise provided in the Award Agreement, an Award shall vest and become non-forfeitable upon the 5-year anniversary of its Vesting Start Date, provided that the Participant has remained in the continuous employment of the Company or a Subsidiary. If a Participant is no longer employed by the Company or any Subsidiary prior to the 5-year anniversary of the Vesting Start Date, the Participant's rights in respect of any Award shall immediately terminate.

5.4 Accelerated Vesting. Notwithstanding the foregoing, provided that a Participant's rights in respect of any outstanding Award have not previously terminated, the Award shall become fully vested upon the occurrence of any of the following events, subject to Section 13:

a) The Participant dies;

b) The Participant has a Disability;

c) The Retirement of the Participant;

d) The Participant terminates his or her employment with the Company or any Subsidiary by which he or she is employed for Good Reason;

e) The Company or any Subsidiary terminates the Participant's employment without Cause; or

f) A Change in Control.

6. Payment. Unless otherwise provided in the Award Agreement, as soon as practicable following the Vesting Date of the Participant's Award, the Participant shall receive a lump sum cash payment equal to the cash value of the Award. In no event shall the lump sum cash payment be made later than the later of (a) the end of the calendar year in which the Vesting Date occurs, or (b) the fifteenth day of the third calendar month following the Vesting Date. The cash payment shall be paid by the Company or any of its Subsidiaries, as shall be decided in the sole discretion of the management of the Company. Accordingly, a Subsidiary, such as United States Fire Insurance Company, and not the Company, may bear the obligation and responsibility to make the cash payment.

7. Restrictions on Transferability.

7.1 No Transfer. A Participant shall not assign, transfer, sell, pledge, hypothecate, or otherwise dispose of or encumber any Award granted pursuant to this Plan. The Plan, and its terms and provisions, shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, transferees (permitted or otherwise), legatees, personal representatives and assigns.

7.2 Transfers in Violation of the Plan. Any purported sale, assignment, pledge, encumbrance or transfer by the Participant of all or any portion of his Award, any purported assignment by the Participant of any of his rights under the Plan or any Award Agreement, or any purported delegation by the Participant of any of his duties or obligations under the Plan or any Award Agreement, in contravention of any of the provisions contained in the Plan will be null and void *ab initio* and of no force and effect.

8. Amendment, Suspension and Termination of the Plan.

8.1 In General. Notwithstanding any other provision of the Plan, the Board, and only the Board (in its sole discretion) may suspend or terminate the Plan (or any portion thereof) at any time as the Board may deem advisable or in the best interests of the Company or any Subsidiary, and the Administrator may amend the Plan at any time and from time to time in such respects as the Administrator may deem advisable or in the best interests of the Company or any Subsidiary. Except as otherwise provided in Section 8.3 below, no such amendment, suspension or termination shall materially adversely affect the rights of any Participant under any outstanding Awards, without the consent of such Participant.

8.2 Award Agreement Modifications. The Administrator (in its sole discretion) may amend or modify at any time and from time to time the terms and provisions of any outstanding Awards in any manner to the extent that the Administrator under the Plan or any Award Agreement could have initially determined the restrictions, terms and provisions of such Awards. Except as otherwise provided in Section 8.3 below, no such amendment or modification shall, however, materially adversely affect the rights of any Participant under any such Award without the consent of such Participant.

8.3 Amendments Without Consent. Notwithstanding anything to the contrary in this Section 8, without the consent of any Participant, the Board (in its sole discretion) may amend, suspend or terminate the Plan or any portion hereof, or any Award Agreement, at any time (which amendment, suspension or termination may affect outstanding Awards) for the purposes of:

(a) conforming the terms of the Plan or any Award Agreement with Code Section 409A; and/or

(b) preserving the Company's ability to deduct for tax purposes without limitation all payments made hereunder or under any Award Agreement, including, but not limited to, the limitations imposed by Code Sections 162(m).

9. Golden Parachute Payment. If any payment a Participant would receive under this Plan, but determined without regard to any additional payment required under this Section 9, (collectively, the "Payment") would (a) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (b) be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties payable with respect to such excise tax (such excise tax, together with such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Participant will be entitled to receive from the Company an additional payment (the "Gross-Up Payment," and any iterative payments pursuant to this Section also shall be "Gross-Up Payments") in an amount that shall fund the payment by the Participant of any Excise Tax on the Payment, as well as all income and employment taxes on the Gross-Up Payment, any Excise Tax imposed on the Gross-Up Payment and any interest or penalties imposed with respect to income and employment taxes imposed on the Gross-Up Payment. For this purpose, all income taxes will be assumed to apply to the Participant at the highest marginal rate.

10. Award Agreements. An Award shall be evidenced by a written Award Agreement in such form as the Administrator shall approve from time to time. Each Participant shall agree to the restrictions, terms and conditions of the Award set forth therein and in the Plan.

11. Tax Withholding. The Company shall have the right to deduct from all amounts paid to any Participant under this Plan any federal, state, local or other taxes required by law to be withheld therefrom.

12. Designation of Beneficiary. Each Participant to whom an Award has been granted under the Plan may designate a beneficiary or beneficiaries to receive payment of the Award upon the Participant's death. At any time, and from time to time, any such designation may be changed or cancelled by the Participant without the consent of any such beneficiary. Any such designation, change or cancellation must be on a form provided for that purpose by the Administrator and shall not be effective until received by the Administrator. If no beneficiary has been designated by a deceased Participant, or if the designated beneficiaries have predeceased the Participant, the beneficiary shall be the Participant's estate. If the Participant designates more than one beneficiary, any payments under the Plan to such beneficiaries shall be made in equal shares unless the Participant has expressly designated otherwise, in which case the payments shall be made in the shares designated by the Participant.

13. Leaves of Absence/Transfers. The Administrator shall have the power to promulgate rules and regulations and to make determinations, as it deems appropriate under the Plan, in respect of any leave of absence from the Company or any Subsidiary granted to a Participant. Without limiting the generality of the foregoing, the Administrator may determine whether any such leave of absence shall be treated as if the Participant has terminated employment with the Company or any such Subsidiary. If a Participant transfers within the Company or any Subsidiary, or to or from any Subsidiary, or to or from the Company and any Subsidiary, such Participant shall not be deemed to have terminated employment as a result of such transfer.

14. Section 409A. This Plan and the Award Agreements are intended to comply with the applicable requirements of Section 409A of the Code ("Section 409A") and shall be limited, construed and interpreted in accordance with such intent. To the extent that any payment or benefit described hereunder is subject to Section 409A of the Code, it is intended that it shall be paid in a manner that will comply with Section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Notwithstanding anything herein to the contrary, any provision in this Plan that is inconsistent with Section 409A of the Code shall be deemed to be amended to comply with Section 409A of the Code and to the extent such provision cannot be amended to comply therewith, such provision shall be null and void.

15. Governing Law. The Plan and all actions taken thereunder shall be governed by and construed in accordance with the laws of the State of New Jersey, without reference to the principles of conflict of laws thereof. Any titles and headings herein are for reference purposes only, and shall in no way limit, define or otherwise affect the meaning, construction or interpretation of any provisions of the Plan.

16. Gender and Person. Whenever the context requires, the masculine pronoun shall include the feminine and neuter, and the neuter pronoun shall include the masculine and the feminine, and the singular shall include the plural.

17. Effective Date. The Plan shall be effective upon its approval by the Board and adoption by the Company.

18. Definitions. As used herein, the following definitions shall apply:

18.1 "Administrator" means the Board or the Committee, as the case may be.

18.2 "Award" means an award made to a Participant pursuant to this Plan (and the relevant Award Agreement).

18.3 "Award Agreement" means the agreement executed by a Participant pursuant to Section 10 of the Plan in connection with the granting of an Award.

18.4 "Board" means the Board of Directors of the Company.

18.5 "Cause" shall have the meaning set forth in the Participant's employment agreement in effect on the date of the employment termination, otherwise "Cause" means any of the following by or related to the Participant: (a) the continued failure to perform assigned job duties in a manner that is satisfactory to his or her employer, other than a failure resulting from Disability or death, (b) the willful engagement in misconduct materially and demonstrably injurious to the Company or any Subsidiary, (c) the willful misappropriation of the funds or property of the Company or any Subsidiary, (d) the use of alcohol or illegal drugs which interfere with the performance of job duties and responsibilities, continuing after warning, (e) conviction (or entry of a plea of guilty or nolo contendere) of a felony or of any crime involving moral turpitude, fraud or misrepresentation, or (f) material nonconformance with the Company's or any Subsidiary's standard business practices and policies, including without limitation, policies against racial or sexual discrimination or harassment, continuing after warning. The determination of whether the Participant's termination is for Cause shall be made by the Board in its sole and conclusive discretion, provided the Participant has been given notice in writing of the basis for such determination and the Participant has had an opportunity to respond prior to the determination becoming final. In the event a Participant voluntarily terminates employment with the Company, but at such time sufficient grounds exist for the Company to terminate such Participant for Cause, the Board, in accordance with the notification procedures described above, shall have the right to determine that such Participant's employment has been terminated for Cause for all purposes of the Plan.

18.6 "Change in Control" means any of the following:

(a) A transaction (or series of transactions) as a result of which Fairfax fails to own, directly or through subsidiaries, at least 50.1 percent of the total voting power represented by the Company's outstanding voting securities and which constitutes a "change in control" under Section 409A; or

(b) The sale, transfer or other disposition of all or substantially all of the assets of the Company to one more entities unaffiliated with the Company.

Notwithstanding the foregoing, an initial public offering shall not constitute a Change in Control and a transaction the sole purpose of which is to change the state of the Company's incorporation shall not constitute a Change in Control.

18.7 "Code" means the Internal Revenue Code of 1986, as amended.

18.8 "Committee" means the Committee appointed by the Board in accordance with Section 2.1 of the Plan.

18.9 "Company" means Crum & Forster Holdings Corp., a Delaware holding company, or any successor entity(ies) thereto.

18.10 "Disability" means that a Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of not less than 12 months.

18.11 "Employee" means any person employed as an employee by the Company or any Subsidiary.

18.12 "Good Reason" shall have the meaning set forth in the Participant's employment agreement in effect on the date of the employment termination, otherwise "Good Reason" means the occurrence of any of the following without the Participant's express written consent: (a) the assignment to a Participant of any duties, responsibilities or status that, when compared to such Participant's previous duties, responsibilities and status, are in a meaningful way degrading or lesser than such Participant's previous duties, responsibilities and status; (b) a reduction in a Participant's base salary or a material reduction in benefits ("benefits" includes qualified retirement or welfare plan benefits but does not include incentive-based compensation such as bonus, incentive awards and other comparable forms of remuneration), other than a reduction applied approximately equally to Employees of the Participant's status generally; or (c) any failure to promptly obtain an assumption of any then remaining obligations under the Plan by any successor or assignee of the Company.

18.13 "Participant" means an Employee who receives an Award.

18.14 "Plan" means this Crum & Forster Holdings Corp. 2007 Long Term Incentive Plan, as it may be amended from time to time.

18.15 "Retirement" means a termination of a Participant's employment with the Company or any Subsidiary which is deemed to be a Retirement in the sole discretion of the Administrator.

18.16 "Subsidiary" means any company (other than the Company) in an unbroken chain of companies beginning with the Company, if one or more of the companies other than the last company in the unbroken chain owns in the aggregate fifty percent or more of the total combined voting power in each of the other companies in such chain.

18.17 "Vesting Date" means the date upon which a Participant becomes fully vested in his or her Award, as provided under Sections 5.3 and 5.4 of this Plan.

18.18 "Vesting Start Date" means the date described in Section 5.3 of the Plan.

* * * * *

CRUM & FORSTER HOLDINGS CORP.

By: */s/ Mary Jane Robertson*

Name: Mary Jane Robertson
Title: Executive Vice President,
Chief Financial Officer and Treasurer
Dated August 16, 2007

Exhibit 10.45

FAIRFAX INC. and CRUM & FORSTER HOLDINGS CORP.
INTER-COMPANY TAX ALLOCATION AGREEMENT

Effective January 1, 2007

WHEREAS, Fairfax Inc., a Wyoming corporation ("Parent") and Crum & Forster Holdings Corp., a Delaware Corporation ("C&F"), became members of an affiliated tax group filing consolidated tax returns on June 5, 2003;

WHEREAS, Parent and C&F are parties to the Fairfax, Inc. and Crum & Forster Holdings Corp. Tax Allocation Agreement effective June 5, 2003 (the "2003 Agreement");

WHEREAS, Parent and C&F desire to terminate the 2003 Agreement and enter into an inter-company tax allocation agreement effective January 1, 2007;

NOW, THEREFORE, the parties agree as follows:

The purpose of this agreement (the "Agreement") is to determine the amount of federal and (where applicable) state income tax allocated to C&F and the amount C&F will pay to or receive from Parent. This Agreement is between Parent and C&F. Parent and C&F are sometimes hereafter collectively referred to as the "Group".

1. C&F and Parent are affiliated corporations and have elected to file a consolidated federal income tax return pursuant to the provisions of Section 1502, et seq., of the Internal Revenue Code of 1986, as amended, (the "Code").

2. C&F shall compute and pay to the Parent its federal income tax liability as if computed on a separate return. C&F shall have first use of all of its current operating losses and credits. Additionally, Parent shall reimburse C&F for any net operating losses (NOL's) that can be utilized by C&F subsidiaries reflected in Schedule 1 ("Subsidiaries") which will be allowed to be carried back and/or forward utilizing the same carryback/forward periods allowed pursuant to the Code, including the carryback period prior to the effective date of this agreement. To the extent C&F NOL's can be utilized by Subsidiaries, such NOL's are deemed utilized by C&F in the same tax year. The calculation of the separate federal income tax liability of C&F shall be made pursuant to the Code and its regulations, as well as applicable cases, rulings, etc., and shall be determined by utilizing the maximum applicable corporate income tax rate. With respect to the tax sharing agreements that Parent has with Crum & Forster Holding Inc.[1] and the C&F subsidiaries covered under the New York domiciled tax allocation agreement[2], Parent agrees that tax payments due to Parent under those two agreements shall be made to C&F and C&F will then remit net tax payments to Parent.

3. C&F shall pay such separate return tax liability to the Parent by no later than the applicable due date or dates that such payments would have been required by the Internal Revenue Service if C&F had filed a separate return, or as soon thereafter as possible.

4. If C&F would not have to pay any federal income tax or would have a claim for refund of federal income taxes, the Parent will pay to C&F an amount equal to the refund C&F would have been entitled to obtain from the Internal Revenue Service. The Parent shall make the payment to C&F by no later than the applicable due date or dates that payment would have been made by the Internal Revenue Service if C&F had filed a timely claim for refund, or as soon thereafter as possible.

5. In the event that C&F or the Parent is required or has elected to file a unitary or combined state income tax return, which may include other affiliate companies ("State Group"), the Parent will compute, report, and pay the state income tax liability in accordance with the applicable state laws and regulations and will file the required annual return. Within thirty (30) days from the filing of any combined state income tax return the Parent will calculate and assess C&F its share of the combined state income tax liability based on (i) the methodology required or established by state income tax law or, (ii) if none, the percentage of C&F's separate income or tax divided by the total separate income or tax of the State Group. Within thirty (30) days of such assessment, each member will pay to the Parent its share of the state income tax liability.

6. If after the filing of a return it is determined that the liability of either party computed hereunder is incorrect, whether by reason of an Internal Revenue Service audit, state audit, discovery of error, the learning of new information, or otherwise, appropriate payments, including allocations of penalty and/or interest, if applicable, shall be made promptly to reflect the payments that should have been made.

7. In lieu of actual payments, adjustments to inter-company payables and receivables may be made and any net balances due will be paid within ninety (90) days of each adjustment. All payments under this Agreement, including subsequent changes in the amount of C&F's or Subsidiary's tax liability or reimbursement payment, shall be considered an inter-company payable or receivable, as the case may be, until such adjustment is paid, and shall not be considered a dividend or surplus contribution.

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[1] Fairfax Inc Tax Allocation Agreement, effective January 1, 2000

[2] Fairfax Inc Intercompany Tax Allocation Agreement (NY), effective January 1, 2000

8. The Parent agrees to indemnify and reimburse C&F for any and all claims, demands, and expenses in the event that the Internal Revenue Service levies upon the assets of C&F for unpaid taxes, including penalties and interest, in excess of that amount for which C&F may be liable pursuant to the terms of this Agreement.

9. This Agreement shall be applicable only with respect to periods for which the parties are members of the same affiliated Group filing a consolidated federal income tax return. No adjustments hereunder shall be made with respect to periods for which either the Parent or C&F are not members of the same affiliated Group.

10. The 2003 Agreement is hereby terminated effective after December 31, 2006, and this Agreement shall take effect on January 1, 2007 and shall continue until terminated by the mutual written agreement of Parent and C&F. In the event any party ceases to be affiliated with the Group, this Agreement automatically terminates only with respect to that member. This Agreement shall also terminate if the Group fails to file a consolidated federal income tax return for any tax year of this Agreement. Notwithstanding the termination of this Agreement, its provisions will remain in effect, with respect to any period of time during the tax year in which termination occurs, for which the income of the terminating party must be included in the consolidate federal income tax return.

11. This Agreement may, from time to time, be amended, modified, and supplemented in such manner as may be mutually agreed upon by the parties, subject to the approval of any regulatory authorities as required by law. Any amendment, modification, or supplement to this Agreement shall be in writing and shall be executed by a duly appointed representative of each of the parties.

12. Every article, term, condition, and provision of this Agreement is declared to be independent of and severable from all other articles, terms, conditions, and provisions of the Agreement. Invalidation, whether judicial or otherwise, of any article, term, condition, or provision contained in the Agreement shall in no way affect any other provisions of this Agreement, all of which shall remain in full force and effect.

13. The books, accounts, tax returns, and records of the Parent and C&F shall be maintained so as to clearly and adequately disclose the precise nature and details of the obligations and liabilities under this Agreement. All materials relating to the tax returns, including but not limited to the returns, supporting schedules, work papers, and correspondence, shall be available for inspection at any time during normal business hours by the Parent or C&F. Each party to this Agreement shall maintain, at its principal or home office, records of all tax allocations, and any subsequent Internal Revenue Service or state review or adjustment. The provisions of this section shall survive termination of this Agreement.

14. This Agreement has been approved by the Board of Directors of each party to this Agreement.

15. This Agreement is not assignable by any party without the prior written consent of the other parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by duly authorized officers to be effective January 1, 2007.

Fairfax Inc.

By: *   /s/ John Cassil*

Name Printed: John Cassil

Title: Vice President

Crum & Forster Holdings Corp.

By: *   /s/ Mary Jane Robertson*

Name Printed: Mary Jane Robertson

Title: Executive Vice President,
Chief Financial Officer and Treasurer

SCHEDULE 1

Crum & Forster Holding Inc.
United States Fire insurance Company
The North River Insurance Company
Crum and Forster Insurance Company
Crum & Forster Indemnity Company
Crum & Forster Specialty Insurance Company
Fairmont Specialty Insurance Managers, Inc.
Seneca Insurance Company, Inc.
Seneca Specialty Insurance Company
Excelsior Claims Administrators, Inc.
Seneca Risk Services, Inc.

Exhibit 10.46

EMPLOYMENT AGREEMENT

This AGREEMENT ("Agreement") is effective on the 1st day of January 2003, as amended effective January 1, 2005, as further amended and effective June 1, 2007, by and between NIKOLAS ANTONOPOULOS, an individual resident of the State of New Jersey ("Executive"), and FAIRFAX FINANCIAL HOLDINGS LIMITED, a corporation organized under the laws of the Province of Ontario, Canada, (together with its successors and assigns, "Fairfax") and Fairfax's indirect, wholly-owned subsidiaries, CRUM & FORSTER HOLDING INC., a corporation organized under the laws of the State of Delaware, (together with its successors and assigns, "C&F") and CRUM & FORSTER HOLDINGS CORP., a corporation organized under the laws of the State of Delaware (together with its successors and assigns, "Holdings").

W I T N E S S E T H:

WHEREAS, Fairfax, C&F and Holdings are desirous of employing Executive in accordance with the terms and conditions set forth in this Agreement, and Executive is desirous of being so employed;

NOW, THEREFORE, in consideration of the premises and the agreements contained in this Agreement, Fairfax, C&F and Holdings and Executive (together the "Parties" and individually a "Party"), intending to be legally bound, hereby agree as follows:

Section 1. Scope of Employment

1.1 Title. Executive shall be President and Chief Executive Officer of Holdings, Chairman of the Board, President and Chief Executive Officer of C&F and Chairman of the Board and Chief Executive Officer of their wholly owned insurance subsidiaries (collectively, the "Companies"), excluding Seneca Insurance Company, Inc. and its subsidiaries.

1.2 Duties. As President and Chief Executive Officer of Holdings, Chairman of the Board, President and Chief Executive Officer of C&F and Chairman of the Board and Chief Executive Officer of the Companies, Executive shall be responsible both for managing the operations of Holdings, C&F and the Companies, reporting to the Chairman of the Board of Holdings, and for performing any additional services that are delegated to Executive by Holdings' Chairman of the Board and Holdings' Board of Directors (the "Board"). Executive shall devote substantially all of Executive's business time and efforts to the performance of the responsibilities of the offices of President and Chief Executive Officer of Holdings, Chairman of the Board, President and Chief Executive Officer of C&F and Chairman of the Board and Chief Executive Officer of the Companies diligently and to the best of Executive's abilities and shall not, without the prior written consent of Holdings' Chairman of the Board and Holdings' Board, accept other employment or render or perform other duties, nor shall Executive have any direct or indirect ownership interest in any other business which is in competition with the business of Fairfax, C&F, or Holdings and their affiliated companies, other than up to five percent (5%) of the outstanding securities of a corporation (determined by vote or value) or limited partnership interests constituting up to five percent (5%) of the value of any such partnership. The foregoing shall not preclude Executive from engaging in charitable and personal investment activities, provided that, in the judgment of Holdings' Board, such activities do not materially interfere with Executive's performance.

1.3 Place of Performance. Executive shall be based in Morristown, New Jersey, at the principal offices of C&F or such other place as may be agreed to in writing by the Parties.

Section 2. Term

2.1 Term. C&F hereby employs the Executive on a rolling, two-year basis, with the period of the Executive's employment under this Agreement commencing on January 1, 2003 and continuing for a minimum period of two years thereafter, with a provisional ending date of January 1, 2005 ("Term"), such ending date subject to automatic extension as provided below. The period of the Executive's employment hereunder within the Term and any automatically extended terms is herein referred to as the "Employment Period".

2.2 Automatic Extension. On January 1, 2003, and on each day thereafter, the Employment Period shall be extended automatically by one day unless at any time after January 1, 2003, C&F delivers to the Executive, or the Executive delivers to C&F, written notice that the Employment Period will not thereinafter be further extended and will therefore end at the expiration of the then existing Employment Period, including any previous extensions. Following such notice, the Employment Period will not be further extended except by mutual agreement of C&F and the Executive. Thus, after January 1, 2003, until written notice is received by either party, the unexpired Employment Period at any point in time shall be two years. The Employment Period shall continue until the expiration of all automatic extensions effected as described herein, unless and until it ceases or is terminated sooner as provided for in Section 5.

Section 3. Cash Compensation; Expenses

3.1 Base Salary. Executive shall be paid a base salary (the "Base Salary") during the Employment Period at an annual rate of one million United States dollars (US$1,000,000) (as of January 1, 2007). The Base Salary shall be (a) payable in equal installments on the schedule that C&F or the Companies may implement from time to time for general payroll purposes (but not less frequently than monthly), and (b) subject to any withholdings and deductions required by applicable law or requested by Executive. The then current Base Salary shall be reviewed in good faith by the Chairman of the Board of Fairfax within a ninety (90) day period following January 1st of each year that this Agreement is in effect and any recommendation for a salary increase shall be presented to the Board of Directors of Fairfax or any designated committee thereof as deemed appropriate after such review; provided, however, that in no event shall the Base Salary of the Executive be reduced below one million United States dollars (US$1,000,000) annually without the Executive's prior written consent.

3.2 Annual Cash Bonus. At the sole discretion of Fairfax or Holdings, Executive may be paid a cash bonus (the "Cash Bonus"). Any such Cash Bonus shall be determined by the Board of Directors of Fairfax or of Holdings or such other person or group as is designated by the Chairman of the Board of Fairfax. The Cash Bonus, if any, shall be paid in January following the subject year or at such other time within sixty (60) days of January 1st as Executive and Holdings may agree.

3.3 Extraordinary Bonus Plan. Executive is entitled to participate in The United States Fire Insurance Company 2003 Extraordinary Bonus Plan pursuant to the terms of such plan.

3.4 Reimbursement of Expenses. C&F shall pay or reimburse the Executive for all reasonable business expenses, including first class travel and accommodation, actually incurred or paid by the Executive during the Employment Period under this Agreement in performance of Executive's services hereunder in accordance with the current practices of C&F applicable to the Executive. All reimbursements are subject to modification from time to time hereafter, provided that such modification does not adversely affect the Executive's payments or reimbursements incurred prior thereto. Such payments or reimbursements shall be made upon presentation of expense statements or vouchers or such other supporting information as C&F or the Companies may require of its senior executives.

Section 4. Additional Executive Benefits

4.1 Memberships. During the Employment Period, C&F or the Companies shall reimburse Executive for all reasonable costs and expenses associated with Executive's memberships in appropriate business and professional clubs and organizations.

4.2 Automobile. During the Employment Period, C&F or the Companies shall provide Executive with the unrestricted use of a luxury automobile and shall pay for all expenses pertaining thereto, including, but not limited to, operating expenses, taxes, insurance, and maintenance expenses.

4.3 Professional Consultation. From Executive's date of employment through the end of the Employment Period, C&F or the Companies shall reimburse Executive for expenses incurred by Executive for reasonable personal financial and tax consultation, including, but not limited to, fees charged by attorneys, CPA's or financial planners.

4.4 Property Tax Equalization. From Executive's date of employment through the end of the Employment Period, C&F or the Companies shall reimburse Executive, on a net of income taxes basis, for Executive's property tax differential between Executive's primary residence in New York and Executive's primary residence in New Jersey. Executive's property tax differential for each year shall be the excess, if any, of (a) over (b) or the pro rata portion of such excess in respect of the year in which the New Jersey residence is purchased and in respect of the last year of the Employment Period if the Employment Period does not end on December 31: (a) the total annual property tax applicable to the Executive's primary New Jersey residence in a single family house for the first full year following the year in which such residence was purchased, and (b) the total annual property tax applicable to the Executive's primary New York residence in a single family house for the last full year prior to the year in which the New York primary residence was sold.

4.5 Indemnification. Pursuant to applicable law, Fairfax, C&F and Holdings shall promptly indemnify and hold harmless Executive if Executive is made a party, or is threatened to be made a party, to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, including any action or suit by or in the right of any of the affiliates of Holdings (collectively, a "Proceeding") arising out of, or relating to, the fact that Executive is or was a director, executive, employee, representative or agent of any of Fairfax, C&F or Holdings any of their affiliates, against any and all judgments, settlements, penalties, fines, liabilities, losses, costs or expenses (including, but not limited to, court costs, disbursements, and reasonably incurred attorneys and expert witness fees) incurred or suffered in connection with, or in anticipation of, a Proceeding, to the extent that Executive acted in a manner Executive believed in good faith to be in or not opposed to the interests of the Fairfax, C&F or Holdings or any of their affiliates, and, in the case of any criminal proceeding, had no reasonable cause to believe Executive's conduct was unlawful. Fairfax, C&F or Holdings or any of their affiliates may not indemnify Executive in connection with any Proceeding to the extent that the Executive is finally adjudged either (x) to be liable to Fairfax, C&F or Holdings or any of their affiliates or (y) to be liable on the basis that Executive improperly received personal benefit. Indemnification in connection with a Proceeding brought by or in the right of Fairfax, C&F or Holdings or any of their affiliates shall be limited to costs and expenses incurred in connection with, or in anticipation of the Proceeding (including, without limitation, court costs, disbursements, and reasonably incurred attorneys and expert witness fees). Pursuant to applicable law, Executive shall be entitled to an advancement of any and all costs and expenses incurred in connection with, or in anticipation of any threatened or actual Proceeding, or in connection with seeking to enforce Executive's rights under this Subsection 4.5*,* within fifteen (15) days after Executive gives written notice requesting such an advancement. Such notice shall include, to the extent required by applicable law, an undertaking by Executive to repay the amount advanced if Executive is ultimately determined not to be entitled to indemnification against such costs and expenses. Additionally, during the Employment Period and for six (6) years thereafter, Fairfax shall cover Executive under any directors and officers liability insurance policy that it may then have in effect. Executive's rights under this Subsection 4.5 shall continue even if Executive has ceased to be a director, officer, executive, employee, representative, or agent of any of Fairfax, C&F, or Holdings or any of their affiliates and shall inure to the benefit of Executive's heirs, executors and administrators.

4.6 Tax Payments. The Companies agree to indemnify the Executive in connection with any and all taxes which may become payable by the Executive under Section 280 (G) of the Internal Revenue Code of 1986, as amended.

4.7 Long Term Incentive Plan. Executive is entitled to participate in the Crum & Forster Holdings Corp. Long Term Incentive Plan pursuant to the terms of such plan.

Section 5. Termination

5.1 Termination Due to Death or Disability. In the event Executive's employment with the Companies is terminated (a) due to Executive's death, or (b) by the Companies due to Executive's Disability, then, in any such case, Executive (or, in the case of termination of employment due to death of Executive, the estate or other legal representative of Executive) shall be entitled to the following:

(i) Salary. The total amount of Executive's then Base Salary for a six (6) month period shall be paid in a lump sum, without discount, subject to any withholdings and deductions required by applicable law or requested by Executive as soon as reasonably possible following Executive's termination of employment date as hereinafter defined.

(ii) Benefits. In the case of the Executive's Disability, life insurance and other death benefits, health and medical benefits, disability benefits and other welfare benefits, no less favorable to Executive than those provided prior to the Termination Date under the C&F benefit plans, shall be continued for the period of such Disability but, in no event, beyond what would be provided under the C&F or any of the Companies' long-term disability benefit plan in effect at the time.

(iii) Bonus. Upon termination of employment, Executive shall be paid the pro-rata portion of the Cash Bonus provided under Subsection 3.2 that would have been paid to Executive had the termination of Executive's employment not occurred. Such bonus will be paid in accordance with C&F's or the Companies' standard practices and timing for payment of annual bonuses.

For purposes of this Agreement, the term **"Disability"** shall mean "disability" as defined in the then current United States Fire Insurance Company Long Term Disability Plan.

5.2 Termination Without Cause or Termination by Executive for Good Reason. In the event Executive's employment with Fairfax, C&F or Holdings or the Companies is terminated (a) by Fairfax, C&F or Holdings or the Companies without Cause, or (b) by Executive when Good Reason exists, then, in any such case, Executive shall be entitled to the following:

(i) Salary Equivalent. Fairfax, C&F or the Companies shall pay Executive an amount equal to Executive's Base Salary as of the Termination Date, for a period of thirty-six (36) months from the Termination Date. Payments pursuant to this Subsection 5.2(i) shall be at such times and in accordance with such procedure as apply to payments governed by Subsection 3.1.

(ii) Annual Cash Bonus. Fairfax, C&F Holdings or the Companies shall pay the Executive each January for a period of thirty-six (36) months from the Termination Date, a cash amount equal to Executive's Base Salary as of the Termination Date.

(iii) Acceleration of Vesting of Restricted Stock Awards. All then unvested Fairfax restricted stock awards shall be fully vested as of the Termination Date.

(iv) Plan Benefits. Fairfax, C&F, Holdings or the Companies shall pay or make available to Executive all vested benefits accrued or available under any benefit plan in accordance with and subject to the terms of such benefit plan. In addition, the vesting provisions of the Fairfax Financial Restricted Share Plan; the Crum & Forster Holdings Corp. Long Term Incentive Plan; the Crum & Forster Holdings Corp. 2007 Long-Term Incentive Plan; and any other long-term bonus or incentive arrangement or plan shall be accelerated should Executive's employment terminate pursuant to Subsection 5.2, Termination Without Cause or Termination by Executive for Good Reason, of Section 5, Termination, of this Agreement.

(v) Miscellaneous Health, Death and Disability Benefits. C&F, Holdings or the Companies shall provide Executive with life insurance and other death benefits, health and medical benefits and long term disability benefits substantially similar to those benefits provided to Executive prior to the Termination Date under the benefit plans, for a period of thirty-six (36) months following the Termination Date, with contribution by the Executive in a manner and percentage similar to that prior to the Executive's Termination Date. These benefits shall cease, however, if and when the Executive becomes eligible to participate in similar benefit plans provided by another employer.

(vi) Placement Services. At no cost to Executive, C&F, Holdings or the Companies shall provide Executive, if Executive desires such assistance, with the assistance of a nationally recognized executive placement firm for a period of twelve (12) months following the Termination Date; provided, however, that C&F or the Companies shall not be required to continue to provide Executive with such assistance in the event that Executive begins other full time employment during such period.

For purposes of this Agreement, the following terms shall have the following meanings:

"Cause" shall mean:

(a) the willful and continued failure of Executive, after written notice to Executive, to substantially perform Executive's duties on behalf of Fairfax, C&F or Holdings or their affiliates, other than any such failure resulting from incapacity due to physical or mental illness or death;

(b) the willful engagement of Executive in gross misconduct materially and demonstrably injurious to Fairfax, C&F, Holdings or their affiliates;

(c) the Executive's conviction in a court of law of any criminal felony offense involving dishonesty or breach of trust under the laws of the United States or any other jurisdiction the laws of which may apply;

(d) the Executive's willful failure to perform specific written directives of the Board of Directors of C&F or the Chairman and Chief Executive Officer which directives are consistent with the scope and nature of the Executive's existing duties;

(e) formal directive by any insurance regulatory authority governing the Companies' ability to conduct business operations to remove the Executive as an Officer of C&F, Holdings or any of their subsidiaries.

An act or failure to act on the part of Executive shall be considered "willful" if done, or failed to be done, by Executive in the absence of good faith and without reasonable belief that such action or omission was in the best interest of the Companies.

"Good Reason" shall exist if any of the following events have occurred without Executive's express prior written consent and Executive has been aware of such occurrence for not longer than three (3) months:

(a) the assignment to Executive by Fairfax, C&F or Holdings or the Companies of any duties, responsibilities or status with Fairfax, C&F or Holdings or the Companies that, when compared to Executive's previous duties, responsibilities and status with Fairfax, C&F or Holdings or the Companies, are degrading to Executive or materially inconsistent with Executive's qualifications, including ceasing to be and have functions and responsibilities of President and Chief Executive Officer of Holdings, Chairman of the Board, President and Chief Executive Officer of C&F and Chairman of the Board and Chief Executive Officer of the Companies, if such assignment is not reversed within twenty (20) days of written notice being delivered by Executive to Fairfax, C&F, Holdings or the Companies that such assignment must be reversed;

(b) any diminution of Executive's duties or responsibilities or loss of title resulting from a corporate restructuring or a reorganization of operations within C&F, Holdings or the Companies if, but only if, (i) following such restructuring or reorganization, the responsibilities, authorities and status of the Executive, viewed in the aggregate (and thus taking into account enhancements as well as diminishments), are materially diminished, and (ii) if such diminution or loss of title is not reversed within twenty (20) days of written notice being delivered by Executive to Fairfax, C&F, Holdings or the Companies that such diminution or loss of title must be reversed;

(c) a relocation of Executive's principal office beyond a thirty (30) mile radius of Morristown, New Jersey;

(d) any material breach by Fairfax, C&F, Holdings or the Companies of a provision of any written agreement between Fairfax, C&F or Holdings or the Companies and Executive, including this Agreement, if not cured within twenty (20) days of written notice of such breach delivered by Executive to Fairfax, C&F, Holdings or the Companies;

(e) any failure by Fairfax, C&F, Holdings or the Companies to promptly obtain an assumption of any then remaining obligations under this Agreement by any successor or assign of Fairfax, C&F, Holdings or the Companies; or

(f) a change in control ("Change in Control"), which shall mean any of the following:

(i) A transaction (or series of transactions) as a result of which Fairfax fails to own, directly or through subsidiaries, at least 50.1 percent of the total voting power represented by Holdings' outstanding voting securities; or

(ii) The sale, transfer or other disposition of all or substantially all of the assets of Holdings' to one more entities unaffiliated with the Company.

Notwithstanding the foregoing, an initial public offering shall not constitute a Change in Control and a transaction the sole purpose of which is to change the state of Holdings' incorporation shall not constitute a Change in Control.

5.3 Termination for Cause or by Executive Without Good Reason. Without limiting Subsection 5.4, in the event Executive's employment with Fairfax, C&F, Holdings or the Companies is terminated (a) for Cause, or (b) by Executive without Good Reason, Executive shall not be entitled to receive any compensation from Fairfax, C&F, Holdings or the Companies for periods after the Termination Date.

5.4 Mutual Termination. Fairfax, C&F, Holdings or the Companies and Executive shall have the right at any time prior to expiration of the Employment Period to terminate the employment of Executive hereunder for any reason or for no reason upon their mutual agreement to do so, such mutual agreement to be set forth in a writing signed by the Parties.

5.5 Miscellaneous:

(a) On any termination of Executive's employment with Fairfax, C&F, Holdings or the Companies, Executive shall be entitled to:

(i) base salary through the Termination Date;

(ii) the balance of any annual, long-term, or other incentive award accrued as of the Termination Date (but not yet paid);

(iii) a lump-sum payment in respect of accrued but unused paid time off at Executive's Base Salary rate in effect as of the Termination Date;

(iv) other or additional benefits accrued or payable as of the Termination Date in accordance with applicable plans, programs and arrangements of C&F or Holdings (including, without limitation, Sections 3 and 4); and

(v) payment or provision, reasonably promptly when due, of all amounts and benefits owed to Executive in connection with the termination;

(b) in the event of any termination of Executive's employment with Fairfax, C&F, Holdings or the Companies, no contractual obligations to Fairfax, C&F, Holdings or the Companies shall restrict Executive's right to perform services for any new employer. Executive shall be under no obligation to seek other employment or otherwise mitigate the obligations of Fairfax, C&F, Holdings or the Companies under this Agreement; and there shall be no offset against amounts due Executive under this Agreement on account of (i) any claim that Fairfax or C&F or the Companies may have against Executive or (ii) any remuneration or other benefit earned or received by Executive after such termination. Any amounts due under this Section 5 are considered to be reasonable by Fairfax, C&F, Holdings or the Companies and are not in the nature of a penalty.

5.6 Termination Date and Notice of Termination

(a) Notice. Any termination of Executive's employment with Fairfax, C&F, Holdings or the Companies (other than termination upon the death of Executive, upon expiration of the Employment Period, or by mutual agreement pursuant to Subsection 5.4) shall be communicated by written Notice of Termination to the other Parties. For purposes of this Agreement, a "Notice of Termination" shall mean a notice that indicates the specific termination provisions in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provisions so indicated.

(b) Termination Date. "Termination Date" shall mean (i) if Executive's employment is terminated by Executive's death, the date of Executive's death, (ii) if Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given provided that Executive shall not have returned to the performance of duties on a full-time basis during such thirty (30) day period), (iii) if Executive's employment is terminated for Cause, ten (10) days after Notice of Termination is given, (iv) if Executive's employment is terminated by Executive for Good Reason, thirty (30) days after Notice of Termination is given by Executive, (v) if Executive's employment is terminated by mutual agreement of the parties pursuant to Subsection 5.4, then the date agreed upon by the parties, (vi) if Executive's employment is terminated by expiration of the Employment Period, the last day of the Employment Period, and (vii) if Executive's employment is terminated for any other reason, the date on which Executive ceases to perform Services unless some other date is agreed to in writing.

Section 6. Representations of the Parties

Fairfax, C&F and Holdings represent and warrant to Executive that (a) this Agreement has been duly executed and delivered by Fairfax, C&F and Holdings, (b) the execution, delivery and performance of this Agreement by and Fairfax, C&F and Holdings has been duly authorized by all necessary corporate action on the part of each of Fairfax, C&F and Holdings, (c) this Agreement constitutes the legal, valid and binding obligation of each of Fairfax, C&F and Holdings, enforceable against each of Fairfax, C&F and Holdings in accordance with its terms, and (d) the execution, delivery and performance of this Agreement by Fairfax, C&F and Holdings does not, and will not, conflict with, violate, or constitute a breach of or a default under, (i) the Articles or Certificate of Incorporation or Bylaws of Fairfax, C&F or Holdings, (ii) any provision of law or regulation applicable to any of the Fairfax, C&F or Holdings, (iii) any provision of any indenture, agreement or other instrument to which any of Fairfax, C&F or Holdings is a party or by which Fairfax, C&F or Holdings is bound or affected, with respect to which any such conflict, violation, breach or default would render this Agreement unenforceable or would have a material adverse effect on the financial condition of the Fairfax, C&F or Holdings, and (e) neither Fairfax, C&F nor Holdings has received any legal advice contrary to their representations and warranties set forth in this Section 6. Executive represents and warrants to Fairfax, C&F and Holdings that (a) Executive's execution, delivery and performance of this Agreement do not, and will not, conflict with, violate, or constitute a breach of or a default under, any provision of law or regulation applicable to Executive or any provision of any agreement, contract or other instrument to which Executive is a party or by which Executive is otherwise bound, (b) this Agreement constitutes the legal, valid and binding obligation of Executive, enforceable against Executive in accordance with its terms, and (c) Executive has not received any legal advice contrary to Executive's representations and warranties set forth in this Section 6.

Section 7. Certain Covenants.

7.1 Confidential Data. Executive covenants that Executive shall not, without the prior written consent of the Board of Directors of either Fairfax, C&F or Holdings or its affiliates or a person authorized by such Board of Directors, disclose to any person, other than (x) employees, agents or representatives of Fairfax, C&F or Holdings or its affiliates, (y) in connection with performing the Services or (z) in confidence to an attorney for the purpose of obtaining legal advice, any confidential proprietary information about Fairfax, C&F or Holdings or their affiliates or their businesses, unless and until such information has become known to the public generally (other than as a result of unauthorized disclosure by Executive) or unless Executive is required to disclose such information by a court, arbitrator, governmental body, or other person with apparent authority to require such disclosure. The foregoing covenant by Executive shall be without limitation as to time and geographic application.

7.2 Property of Fairfax, C&F, Holdings and Their Affiliates. Executive acknowledges that from time to time in the course of providing services pursuant to this Agreement, Executive shall have the opportunity to inspect and use certain property, both tangible and intangible, of Fairfax, C&F, Holdings or their affiliates and Executive hereby agrees that said property shall remain the exclusive property of Fairfax, C&F, Holdings or their affiliates, and Executive shall have no right or proprietary interest in such property, whether tangible or intangible, including, without limitation, Executive's customer and supplier lists, contact forms, books of account, computer programs and similar property.

7.3 Equitable Relief. Executive acknowledges that the services to be rendered by Executive are of a special, unique, unusual, extraordinary, and intellectual character, which gives them a peculiar value, and the loss of which cannot reasonably or adequately be compensated in damages in an action at law; and that a breach by Executive of any of the provisions contained in this Agreement may cause Fairfax, C&F or Holdings or their affiliates irreparable injury and damage. Executive further acknowledges that Executive possesses unique skills, knowledge and ability and that competition by Executive in violation of this Agreement or any other breach of the provisions of this Agreement could be extremely detrimental to Fairfax, C&F, Holdings or their affiliates. By reason thereof Executive agrees that Fairfax, C&F, Holdings or their affiliates may be entitled, in addition to any other remedies it may have under this Agreement or otherwise, to injunctive and other equitable relief to prevent or curtail any breach of this Agreement by Executive.

7.4 Limitations on Remedies. Fairfax, C&F, Holdings or its affiliates shall not be entitled to suspend payments otherwise due Executive by reason of Executive's violation of Section 7 hereof (whether before or after a judgment is obtained by C&F against Executive). Fairfax, C&F or Holdings shall not be entitled to set off against the amounts payable to Executive under this Agreement any amounts owed to Fairfax, C&F, Holdings or their affiliates by Executive. Nothing in this Subsection 7.4 shall limit Fairfax's, C&F's, Holdings' or their affiliates' remedies in the case of Executive's violation of this Agreement, except as otherwise specifically provided in this Subsection 7.4.

7.5 Covenant Not to Solicit. Executive agrees that, for a period of twelve (12) months after the Termination Date, Executive will not actively solicit to hire either directly or indirectly any non-clerical employee of Fairfax, C&F, Holdings and their affiliates.

Section 8. Miscellaneous.

8.1 Assignability; Binding Nature. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, heirs and assigns. No rights or obligations of Executive under this Agreement may be assigned or transferred by Executive other than Executive's rights to compensation and benefits hereunder, which may be transferred by will, by operation of law, or pursuant to the following sentence, in each case subject to the limitations set forth in this Agreement. Executive shall be entitled, to the extent permitted under applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit hereunder following Executive's death by giving Fairfax, C&F, Holdings or the Companies written notice thereof. In the event of Executive's death or a judicial determination of Executive's incompetence, references in this Agreement to Executive shall be deemed, where appropriate, to refer to Executive's beneficiary, estate or other legal representative. No rights or obligations of Fairfax, C&F, Holdings or the Companies under this Agreement may be assigned or transferred by Fairfax, C&F, Holdings or the Companies except that such rights or obligations may be assigned or transferred pursuant to a merger, consolidation or similar transaction in which Fairfax, C&F, Holdings or the Companies is not the continuing entity, or the sale or liquidation of all or substantially all of the business and assets of Fairfax, C&F, Holdings or the Companies, provided that the assignee or transferee is the successor to all or substantially all of the business and assets of Fairfax, C&F, Holdings or the Companies and such assignee or transferee promptly assumes the liabilities, obligations and duties of Fairfax, C&F, Holdings or the Companies, as contained in this Agreement, either contractually or as a matter of law.

8.2 Governing Law. This Agreement shall be deemed to be made in, and in all respects be interpreted, construed and governed by and in accordance with the laws of the State of New Jersey.

8.3 Arbitration of all Disputes. Any controversy or claim arising out of or relating to this Agreement (or the breach thereof) shall be settled by final, binding and non-appealable arbitration in New Jersey. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect, and judgment upon the award may be entered in any court having jurisdiction thereof. All costs associated with any arbitration, including all legal expenses for all Parties, shall be borne by Fairfax, C&F, Holdings or the Companies subject to Fairfax's, C&F's, Holdings' or the Companies right to repayment by Executive of costs incurred by Executive to the extent that Fairfax, C&F, Holdings or the Companies finally prevail in such arbitration.

8.4 Headings. The section and subsection headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

8.5 Notices. Unless otherwise agreed to in writing by the parties hereto, all communications provided for hereunder shall be in writing and shall be deemed to be given when delivered if delivered in person, the next day or designated delivery date if delivered by overnight service or courier, upon confirmation of receipt if delivered by facsimile, or five (5) business days after being sent by first-class mail, registered or certified, return receipt requested, with proper postage prepaid, and

(a) If to Executive, addressed to:

Nikolas Antonopoulos
12 Parkwood Lane
Basking Ridge, New Jersey 07920

(b) If to Holdings, addressed to:

Chairman of the Board
Crum & Forster Holdings Corp.
305 Madison Avenue
Morristown, New Jersey 07962

with a copy to:

Brad Martin
Fairfax Financial Holdings Limited
95 Wellington St. West, Suite 800
Toronto, Ontario, Canada M5J 2NJ

(c) If to C&F, addressed to:

Chairman of the Board
Crum & Forster Holding Inc..
305 Madison Avenue
Morristown, New Jersey 07962

with a copy to:

Vice President – Human Resources
United States Fire Insurance Company
305 Madison Avenue
Morristown, New Jersey 07962

(d) If to Fairfax, addressed to:

Brad Martin
Fairfax Financial Holdings Limited
95 Wellington St. West, Suite 800
Toronto, Ontario, Canada M5J 2NJ

or to such other person or address as shall be furnished in writing by any party to the other prior to the giving of the applicable notice or communication.

8.6 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

8.7 Entire Agreement. This Agreement is intended by the parties hereto to be the final expression of their agreement with respect to the subject matter hereof and is the complete and exclusive statement of the terms thereof, notwithstanding any representations, statements or agreements to the contrary heretofore made. Any prior agreements or understandings are hereby terminated and superceded by this Agreement. This Agreement may be modified only by a written instrument signed by each of the parties hereto.

8.8 Waiver. The waiver by either Fairfax, C&F, Holdings or Executive to this Agreement of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any prior or subsequent breach of the same provision by the other party or a waiver of a breach of another provision of this Agreement by the other party. No waiver or modification of any provision of this Agreement shall be valid unless in writing and duly executed by the party to be charged with the waiver or modification.

8.9 Survivorship. Except as otherwise set forth in this Agreement, the respective rights and obligations of the parties shall survive any termination of Executive's employment hereunder.

8.10 Withholding Taxes. Fairfax, C&F, Holdings or their affiliates may withhold from any amounts or benefits payable under this Agreement any taxes that are required to be withheld pursuant to any applicable law or regulation.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

FAIRFAX FINANCIAL HOLDINGS LIMITED

By: */s/ Eric Salsberg*
Name: Eric Salsberg
Title: Vice President, Corporate Affairs

Attest: */s/ Bradley Martin*
Name: Bradley Martin
Title: Vice President and Secretary

CRUM & FORSTER HOLDING INC.

By: */s/ Mary Jane Robertson*
Name: Mary Jane Robertson
Title: Executive Vice President and Treasurer

Attest: */s/ Felicia Garland*
Name: Felicia L. Garland
Title: Secretary

CRUM & FORSTER HOLDINGS CORP.

By: /s/ *Mary Jane Robertson*
Name: Mary Jane Robertson
Title: Executive Vice President,
Chief Financial Officer and Treasurer

Attest: */s/ Carol Ann Soos*
Name: Carol Ann Soos
Title: Secretary

/s/ Nikolas Antonopoulos
Nikolas Antonopoulos

Exhibit 10.47

EMPLOYMENT AGREEMENT

This AGREEMENT ("Agreement") is effective on the 1st day of January 2003, as amended effective January 1, 2005, as further amended and effective June 1, 2007, by and between MARY JANE ROBERTSON, an individual resident of the State of New Jersey ("Executive"), and FAIRFAX FINANCIAL HOLDINGS LIMITED, a corporation organized under the laws of the Province of Ontario, Canada, (together with its successors and assigns, "Fairfax") and Fairfax's indirect, wholly-owned subsidiaries, CRUM & FORSTER HOLDING INC., a corporation organized under the laws of the State of Delaware, (together with its successors and assigns, "C&F") and CRUM & FORSTER HOLDINGS CORP., a corporation organized under the laws of the State of Delaware (together with its successors and assigns, "Holdings").

W I T N E S S E T H:

WHEREAS, Fairfax, C&F and Holdings are desirous of employing Executive in accordance with the terms and conditions set forth in this Agreement, and Executive is desirous of being so employed;

NOW, THEREFORE, in consideration of the premises and the agreements contained in this Agreement, Fairfax, C&F and Holdings and Executive (together the "Parties" and individually a "Party"), intending to be legally bound, hereby agree as follows:

Section 1. Scope of Employment

1.1 Title. Executive shall be Senior Executive Vice President, Treasurer and Chief Financial Officer of C&F and Holdings and their wholly owned insurance subsidiaries other than Crum & Forster Specialty Insurance Company, of which Executive shall be President (collectively, the "Companies"), excluding Seneca Insurance Company, Inc. and its subsidiaries.

1.2 Duties. As Senior Executive Vice President, Treasurer and Chief Financial Officer, Executive shall be responsible for managing the day-to-day financial operations of the Companies, reporting to the Chairman of the Board and Chief Executive Officer of C&F, and for performing any additional services that are delegated to Executive by C&F's or Holdings' Chairman of the Board and Chief Executive Officer and Boards of Directors (the "Board"). As President of Crum & Forster Specialty Insurance Company, Executive shall be responsible for managing the day-to-day operations of Crum & Forster Specialty Insurance Company, reporting to the Chairman of the Board and Chief Executive Officer of C&F, and for performing any additional services that are delegated to Executive by C&F's or Holdings' Chairman of the Board and Chief Executive Officer and Boards of Directors (the "Board"). Executive shall devote substantially all of Executive's business time and efforts to the performance of the responsibilities of the office of the Senior Executive Vice President, Treasurer and Chief Financial Officer of C&F and Holdings diligently and to the best of Executive's abilities and shall not, without the prior written consent of the Chief Executive Officer and the Board, accept other employment or render or perform other duties, nor shall Executive have any direct or indirect ownership interest in any other business which is in competition with the business of Fairfax, C&F, or Holdings and their affiliated companies, other than up to five percent (5%) of the outstanding securities of a corporation (determined by vote or value) or limited partnership interests constituting up to five percent (5%) of the value of any such partnership. The foregoing shall not preclude Executive from engaging in charitable and personal investment activities, provided that, in the judgment of Holdings' Board, such activities do not materially interfere with Executive's performance.

1.3 Place of Performance. Executive shall be based in Morristown, New Jersey, at the principal offices of C&F or such other place as may be agreed to in writing by the Parties.

Section 2. Term

2.1 Term. C&F hereby employs the Executive on a rolling, two-year basis, with the period of the Executive's employment under this Agreement commencing on January 1, 2003 and continuing for a minimum period of two years thereafter, with a provisional ending date of January 1, 2005 ("Term"), such ending date subject to automatic extension as provided below. The period of the Executive's employment hereunder within the Term and any automatically extended terms is herein referred to as the "Employment Period".

2.2 Automatic Extension. On January 1, 2003, and on each day thereafter, the Employment Period shall be extended automatically by one day unless at any time after January 1, 2003, C&F delivers to the Executive, or the Executive delivers to C&F, written notice that the Employment Period will not thereinafter be further extended and will therefore end at the expiration of the then existing Employment Period, including any previous extensions. Following such notice, the Employment Period will not be further extended except by mutual agreement of C&F and the Executive. Thus, after January 1, 2003, until written notice is received by either party, the unexpired Employment Period at any point in time shall be two years. The Employment Period shall continue until the expiration of all automatic extensions effected as described herein, unless and until it ceases or is terminated sooner as provided for in Section 5.

Section 3. Cash Compensation; Expenses

3.1 Base Salary. Executive shall be paid a base salary (the "Base Salary") during the Employment Period at an annual rate of five hundred thousand United States dollars (US$500,000). The Base Salary shall be (a) payable in equal installments on the schedule that C&F or the Companies may implement from time to time for general payroll purposes (but not less frequently than monthly), and (b) subject to any withholdings and deductions required by applicable law or requested by Executive. The then current Base Salary shall be reviewed in good faith by both the Chairman of the Board of Fairfax and the Chief Executive Officer of C&F within a ninety (90) day period following January 1st of each year that this Agreement is in effect and any recommendation for a salary increase shall be presented to the Board of Directors of Fairfax or any designated committee thereof as deemed appropriate after such review; provided, however, that in no event shall the Base Salary of the Executive be reduced below five hundred thousand United States dollars (US$500,000) annually without the Executive's prior written consent.

3.2 Annual Cash Bonus. At the sole discretion of Fairfax or Holdings, Executive may be paid a cash bonus (the "Cash Bonus"). Any such Cash Bonus shall be determined by the Board of Directors of Fairfax or of Holdings or such other person or group as is designated by the Chairman of the Board of Fairfax. The Cash Bonus, if any, shall be paid in January following the subject year or at such other time within sixty (60) days of January 1st as Executive and Holdings may agree.

3.3 Extraordinary Bonus Plan. Executive is entitled to participate in The United States Fire Insurance Company 2003 Extraordinary Bonus Plan pursuant to the terms of such plan.

3.4 Reimbursement of Expenses. C&F shall pay or reimburse the Executive for all reasonable business expenses, including first class travel and accommodation, actually incurred or paid by the Executive during the Employment Period under this Agreement in performance of Executive's services hereunder in accordance with the current practices of C&F applicable to the Executive. All reimbursements are subject to modification from time to time hereafter, provided that such modification does not adversely affect the Executive's payments or reimbursements incurred prior thereto. Such payments or reimbursements shall be made upon presentation of expense statements or vouchers or such other supporting information as C&F or the Companies may require of its senior executives.

Section 4. Additional Executive Benefits

4.1 Memberships. During the Employment Period, C&F or the Companies shall reimburse Executive for all reasonable costs and expenses associated with Executive's memberships in a golf club and appropriate business and professional clubs and organizations.

4.2 Automobile. During the Employment Period, C&F or the Companies shall provide Executive with the unrestricted use of a luxury automobile and shall pay for all expenses pertaining thereto, including, but not limited to, operating expenses, taxes, insurance, and maintenance expenses.

4.3 Professional Consultation. From Executive's date of employment through the end of the Employment Period, C&F or the Companies shall reimburse Executive for expenses incurred by Executive for reasonable personal financial and tax consultation, including, but not limited to, fees charged by attorneys, CPA's or financial planners.

4.4 Property Tax Equalization. From Executive's date of employment through the end of the Employment Period, C&F or the Companies shall reimburse Executive, on a net of income taxes basis, for Executive's property tax differential between Executive's primary residence in Georgia and Executive's primary residence in New Jersey. Executive's property tax differential for each year shall be the excess, if any, of (a) over (b) or the pro rata portion of such excess in respect of the year in which the New Jersey residence is purchased and in respect of the last year of the Employment Period if the Employment Period does not end on December 31: (a) the total annual property tax applicable to the Executive's primary New Jersey residence in a single family house for the first full year following the year in which such residence was purchased, and (b) the total annual property tax applicable to the Executive's primary Georgia residence in a single family house for the last full year prior to the year in which the Georgia primary residence was sold.

4.5 Indemnification. Pursuant to applicable law, Fairfax, C&F and Holdings shall promptly indemnify and hold harmless Executive if Executive is made a party, or is threatened to be made a party, to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, including any action or suit by or in the right of any of the affiliates of Holdings (collectively, a "Proceeding") arising out of, or relating to, the fact that Executive is or was a director, executive, employee, representative or agent of any of Fairfax, C&F or Holdings any of their affiliates, against any and all judgments, settlements, penalties, fines, liabilities, losses, costs or expenses (including, but not limited to, court costs, disbursements, and reasonably incurred attorneys and expert witness fees) incurred or suffered in connection with, or in anticipation of, a Proceeding, to the extent that Executive acted in a manner Executive believed in good faith to be in or not opposed to the interests of the Fairfax, C&F or Holdings or any of their affiliates, and, in the case of any criminal proceeding, had no reasonable cause to believe Executive's conduct was unlawful. Fairfax, C&F or Holdings or any of their affiliates may not indemnify Executive in connection with any Proceeding to the extent that the Executive is finally adjudged either (x) to be liable to Fairfax, C&F or Holdings or any of their affiliates or (y) to be liable on the basis that Executive improperly received personal benefit. Indemnification in connection with a Proceeding brought by or in the right of Fairfax, C&F or Holdings or any of their affiliates shall be limited to costs and expenses incurred in connection with, or in anticipation of the Proceeding (including, without limitation, court costs, disbursements, and reasonably incurred attorneys and expert witness fees). Pursuant to applicable law, Executive shall be entitled to an advancement of any and all costs and expenses incurred in connection with, or in anticipation of any threatened or actual Proceeding, or in connection with seeking to enforce Executive's rights under this Subsection 4.5, within fifteen (15) days after Executive gives written notice requesting such an advancement. Such notice shall include, to the extent required by applicable law, an undertaking by Executive to repay the amount advanced if Executive is ultimately determined not to be entitled to indemnification against such costs and expenses. Additionally, during the Employment Period and for six (6) years thereafter, Fairfax shall cover Executive under any directors and officers liability insurance policy that it may then have in effect. Executive's rights under this Subsection 4.5 shall continue even if Executive has ceased to be a director, officer, executive, employee, representative, or agent of any of Fairfax, C&F, or Holdings or any of their affiliates and shall inure to the benefit of Executive's heirs, executors and administrators.

4.6 Tax Payments. The Companies agree to indemnify the Executive in connection with any and all taxes which may become payable by the Executive under Section 280 (G) of the Internal Revenue Code of 1986, as amended.

4.7 Long Term Incentive Plan. Executive is entitled to participate in the Crum & Forster Holdings Corp. Long Term Incentive Plan pursuant to the terms of such plan.

Section 5. Termination

5.1 Termination Due to Death or Disability. In the event Executive's employment with the Companies is terminated (a) due to Executive's death, or (b) by the Companies due to Executive's Disability, then, in any such case, Executive (or, in the case of termination of employment due to death of Executive, the estate or other legal representative of Executive) shall be entitled to the following:

(i) Salary. The total amount of Executive's then Base Salary for a six (6) month period shall be paid in a lump sum, without discount, subject to any withholdings and deductions required by applicable law or requested by Executive as soon as reasonably possible following Executive's termination of employment date as hereinafter defined.

(ii) Benefits. In the case of the Executive's Disability, life insurance and other death benefits, health and medical benefits, disability benefits and other welfare benefits, no less favorable to Executive than those provided prior to the Termination Date under the C&F Benefit Plans, shall be continued for the period of such Disability but, in no event, beyond what would be provided under the C&F or any of the Companies' long-term disability benefit plan in effect at the time.

(iii) Bonus. Upon termination of employment, Executive shall be paid the pro-rata portion of the Cash Bonus provided under Subsection 3.2 that would have been paid to Executive had the termination of Executive's employment not occurred. Such bonus will be paid in accordance with C&F's or the Companies' standard practices and timing for payment of annual bonuses.

For purposes of this Agreement, the term **"Disability"** shall mean "disability" as defined in the then current United States Fire Insurance Company Long Term Disability Plan.

5.2 Termination Without Cause or Termination by Executive for Good Reason. In the event Executive's employment with Fairfax, C&F or Holdings or the Companies is terminated (a) by Fairfax, C&F or Holdings or the Companies without Cause, or (b) by Executive when Good Reason exists, then, in any such case, Executive shall be entitled to the following:

(i) Salary Equivalent. Fairfax, C&F or the Companies shall pay Executive an amount equal to Executive's Base Salary as of the Termination Date, for a period of thirty-six (36) months from the Termination Date. Payments pursuant to this Subsection 5.2(i) shall be at such times and in accordance with such procedure as apply to payments governed by Subsection 3.1.

(ii) Annual Cash Bonus. Fairfax, C&F Holdings or the Companies shall pay the Executive each January for a period of thirty-six (36) months from the Termination Date, a cash amount equal to Executive's Base Salary as of the Termination Date.

(iii) Acceleration of Vesting of Restricted Stock Awards. All then unvested Fairfax restricted stock awards shall be fully vested as of the Termination Date.

(iv) Plan Benefits. Fairfax, C&F, Holdings or the Companies shall pay or make available to Executive all vested benefits accrued or available under any benefit plan in accordance with and subject to the terms of such benefit plan. In addition, the vesting provisions of the Fairfax Financial Restricted Share Plan; the Crum & Forster Holdings Corp. Long Term Incentive Plan; the Crum & Forster Holdings Corp. 2007 Long-Term Incentive Plan; and any other long-term bonus or incentive arrangement or plan shall be accelerated should Executive's employment terminate pursuant to Subsection 5.2, Termination Without Cause or Termination by Executive for Good Reason, of Section 5, Termination, of the Agreement.

(v) Miscellaneous Health, Death and Disability Benefits. C&F, Holdings or the Companies shall provide Executive with life insurance and other death benefits, health and medical benefits and long term disability benefits substantially similar to those benefits provided to Executive prior to the Termination Date under the Benefit Plans, for a period of thirty-six (36) months following the Termination Date, with contribution by the Executive in a manner and percentage similar to that prior to the Executive's Termination Date. These benefits shall cease, however, if and when the Executive becomes eligible to participate in similar benefit plans provided by another employer.

(vi) Placement Services. At no cost to Executive, C&F, Holdings or the Companies shall provide Executive, if Executive desires such assistance, with the assistance of a nationally recognized executive placement firm for a period of twelve (12) months following the Termination Date; provided, however, that C&F or the Companies shall not be required to continue to provide Executive with such assistance in the event that Executive begins other full time employment during such period.

For purposes of this Agreement, the following terms shall have the following meanings:

"Cause" shall mean:

(a) the willful and continued failure of Executive, after written notice to Executive, to substantially perform Executive's duties on behalf of Fairfax, C&F or Holdings or their affiliates, other than any such failure resulting from incapacity due to physical or mental illness or death;

(b) the willful engagement of Executive in gross misconduct materially and demonstrably injurious to Fairfax, C&F, Holdings or their affiliates;

(c) the Executive's conviction in a court of law of any criminal felony offense involving dishonesty or breach of trust under the laws of the United States or any other jurisdiction the laws of which may apply;

(d) the Executive's willful failure to perform specific written directives of the Board of Directors of C&F or the Chairman and Chief Executive Officer which directives are consistent with the scope and nature of the Executive's existing duties;

(e) formal directive by any insurance regulatory authority governing the Companies' ability to conduct business operations to remove the Executive as an Officer of C&F, Holdings or any of their subsidiaries.

An act or failure to act on the part of Executive shall be considered "willful" if done, or failed to be done, by Executive in the absence of good faith and without reasonable belief that such action or omission was in the best interest of the Companies.

"Good Reason" shall exist if any of the following events have occurred without Executive's express prior written consent and Executive has been aware of such occurrence for not longer than three (3) months:

(a) the assignment to Executive by Fairfax, C&F or Holdings or the Companies of any duties, responsibilities or status with Fairfax, C&F or Holdings or the Companies that, when compared to Executive's previous duties, responsibilities and status with Fairfax, C&F or Holdings or the Companies, are degrading to Executive or materially inconsistent with Executive's qualifications, including ceasing to be and have functions and responsibilities of Senior Executive Vice President, Treasurer and Chief Financial Officer of C&F or Holdings, if such assignment is not reversed within twenty (20) days of written notice being delivered by Executive to Fairfax, C&F, Holdings or the Companies that such assignment must be reversed;

(b) any diminution of Executive's duties or responsibilities or loss of title resulting from a corporate restructuring or a reorganization of operations within C&F, Holdings or the Companies if, but only if, (i) following such restructuring or reorganization, the responsibilities, authorities and status of the Executive, viewed in the aggregate (and thus taking into account enhancements as well as diminishments), are materially diminished, and (ii) such diminution or loss of title is not reversed within twenty (20) days of written notice being delivered by Executive to Fairfax, C&F, Holdings or the Companies that such diminution or loss of title must be reversed;

(c) a relocation of Executive's principal office beyond a thirty (30) mile radius of Morristown, New Jersey;

(d) any material breach by Fairfax, C&F, Holdings or the Companies of a provision of any written agreement between Fairfax, C&F or Holdings or the Companies and Executive, including this Agreement, if not cured within twenty (20) days of written notice of such breach delivered by Executive to Fairfax, C&F, Holdings or the Companies;

(e) any failure by Fairfax, C&F, Holdings or the Companies to promptly obtain an assumption of any then remaining obligations under this Agreement by any successor or assign of Fairfax, C&F, Holdings or the Companies; or

(f) a change in control ("Change in Control"), which shall mean any of the following:

(i) A transaction (or series of transactions) as a result of which Fairfax fails to own, directly or through subsidiaries, at least 50.1 percent of the total voting power represented by Holdings' outstanding voting securities; or

(ii) The sale, transfer or other disposition of all or substantially all of the assets of Holdings to one more entities unaffiliated with the Company.

Notwithstanding the foregoing, an initial public offering shall not constitute a Change in Control and a transaction the sole purpose of which is to change the state of Holdings' incorporation shall not constitute a Change in Control.

5.3 Termination for Cause or by Executive Without Good Reason. Without limiting Subsection 5.4, in the event Executive's employment with Fairfax, C&F, Holdings or the Companies is terminated (a) for Cause, or (b) by Executive without Good Reason, Executive shall not be entitled to receive any compensation from Fairfax, C&F, Holdings or the Companies for periods after the Termination Date.

5.4 Mutual Termination. Fairfax, C&F, Holdings or the Companies and Executive shall have the right at any time prior to expiration of the Employment Period to terminate the employment of Executive hereunder for any reason or for no reason upon their mutual agreement to do so, such mutual agreement to be set forth in a writing signed by the Parties.

5.5 Miscellaneous:

(a) On any termination of Executive's employment with Fairfax, C&F, Holdings or the Companies, Executive shall be entitled to:

(i) base salary through the Termination Date;

(ii) the balance of any annual, long-term, or other incentive award accrued as of the Termination Date (but not yet paid);

(iii) a lump-sum payment in respect of accrued but unused paid time off at Executive's Base Salary rate in effect as of the Termination Date;

(iv) other or additional benefits accrued or payable as of the Termination Date in accordance with applicable plans, programs and arrangements of C&F or Holdings (including, without limitation, Sections 3 and 4); and

(v) payment or provision, reasonably promptly when due, of all amounts and benefits owed to Executive in connection with the termination;

(b) in the event of any termination of Executive's employment with Fairfax, C&F, Holdings or the Companies, no contractual obligations to Fairfax, C&F, Holdings or the Companies shall restrict Executive's right to perform services for any new employer. Executive shall be under no obligation to seek other employment or otherwise mitigate the obligations of Fairfax, C&F, Holdings or the Companies under this Agreement; and there shall be no offset against amounts due Executive under this Agreement on account of (i) any claim that Fairfax or C&F or the Companies may have against Executive or (ii) any remuneration or other benefit earned or received by Executive after such termination. Any amounts due under this Section 5 are considered to be reasonable by Fairfax, C&F, Holdings or the Companies and are not in the nature of a penalty.

5.6 Termination Date and Notice of Termination

(a) Notice. Any termination of Executive's employment with Fairfax, C&F, Holdings or the Companies (other than termination upon the death of Executive, upon expiration of the Employment Period, or by mutual agreement pursuant to Subsection 5.4) shall be communicated by written Notice of Termination to the other Parties. For purposes of this Agreement, a "Notice of Termination" shall mean a notice that indicates the specific termination provisions in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provisions so indicated.

(b) Termination Date. "Termination Date" shall mean (i) if Executive's employment is terminated by Executive's death, the date of Executive's death, (ii) if Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given provided that Executive shall not have returned to the performance of duties on a full-time basis during such thirty (30) day period), (iii) if Executive's employment is terminated for Cause, ten (10) days after Notice of Termination is given, (iv) if Executive's employment is terminated by Executive for Good Reason, thirty (30) days after Notice of Termination is given by Executive, (v) if Executive's employment is terminated by mutual agreement of the parties pursuant to Subsection 5.4, then the date agreed upon by the parties, (vi) if Executive's employment is terminated by expiration of the Employment Period, the last day of the Employment Period, and (vii) if Executive's employment is terminated for any other reason, the date on which Executive ceases to perform Services unless some other date is agreed to in writing.

Section 6. Representations of the Parties

Fairfax, C&F and Holdings represent and warrant to Executive that (a) this Agreement has been duly executed and delivered by Fairfax, C&F and Holdings, (b) the execution, delivery and performance of this Agreement by and Fairfax, C&F and Holdings has been duly authorized by all necessary corporate action on the part of each of Fairfax, C&F and Holdings, (c) this Agreement constitutes the legal, valid and binding obligation of each of Fairfax, C&F and Holdings, enforceable against each of Fairfax, C&F and Holdings in accordance with its terms, and (d) the execution, delivery and performance of this Agreement by Fairfax, C&F and Holdings does not, and will not, conflict with, violate, or constitute a breach of or a default under, (i) the Articles or Certificate of Incorporation or Bylaws of Fairfax, C&F or Holdings, (ii) any provision of law or regulation applicable to any of the Fairfax, C&F or Holdings, (iii) any provision of any indenture, agreement or other instrument to which any of Fairfax, C&F or Holdings is a party or by which Fairfax, C&F or Holdings is bound or affected, with respect to which any such conflict, violation, breach or default would render this Agreement unenforceable or would have a material adverse effect on the financial condition of the Fairfax, C&F or Holdings, and (e) neither Fairfax, C&F nor Holdings has received any legal advice contrary to their representations and warranties set forth in this Section 6. Executive represents and warrants to Fairfax, C&F and Holdings that (a) Executive's execution, delivery and performance of this Agreement do not, and will not, conflict with, violate, or constitute a breach of or a default under, any provision of law or regulation applicable to Executive or any provision of any agreement, contract or other instrument to which Executive is a party or by which Executive is otherwise bound, (b) this Agreement constitutes the legal, valid and binding obligation of Executive, enforceable against Executive in accordance with its terms, and (c) Executive has not received any legal advice contrary to Executive's representations and warranties set forth in this Section 6.

Section 7. Certain Covenants.

7.1 Confidential Data. Executive covenants that Executive shall not, without the prior written consent of the Board of Directors of either Fairfax, C&F or Holdings or its affiliates or a person authorized by such Board of Directors, disclose to any person, other than (x) employees, agents or representatives of Fairfax, C&F or Holdings or its affiliates, (y) in connection with performing the Services or (z) in confidence to an attorney for the purpose of obtaining legal advice, any confidential proprietary information about Fairfax, C&F or Holdings or their affiliates or their businesses, unless and until such information has become known to the public generally (other than as a result of unauthorized disclosure by Executive) or unless Executive is required to disclose such information by a court, arbitrator, governmental body, or other person with apparent authority to require such disclosure. The foregoing covenant by Executive shall be without limitation as to time and geographic application.

7.2 Property of Fairfax, C&F, Holdings and Their Affiliates. Executive acknowledges that from time to time in the course of providing services pursuant to this Agreement, Executive shall have the opportunity to inspect and use certain property, both tangible and intangible, of Fairfax, C&F, Holdings or their affiliates and Executive hereby agrees that said property shall remain the exclusive property of Fairfax, C&F, Holdings or their affiliates, and Executive shall have no right or proprietary interest in such property, whether tangible or intangible, including, without limitation, Executive's customer and supplier lists, contact forms, books of account, computer programs and similar property.

7.3 Equitable Relief. Executive acknowledges that the services to be rendered by Executive are of a special, unique, unusual, extraordinary, and intellectual character, which gives them a peculiar value, and the loss of which cannot reasonably or adequately be compensated in damages in an action at law; and that a breach by Executive of any of the provisions contained in this Agreement may cause Fairfax, C&F or Holdings or their affiliates irreparable injury and damage. Executive further acknowledges that Executive possesses unique skills, knowledge and ability and that competition by Executive in violation of this Agreement or any other breach of the provisions of this Agreement could be extremely detrimental to Fairfax, C&F, Holdings or their affiliates. By reason thereof Executive agrees that Fairfax, C&F, Holdings or their affiliates may be entitled, in addition to any other remedies it may have under this Agreement or otherwise, to injunctive and other equitable relief to prevent or curtail any breach of this Agreement by Executive.

7.4 Limitations on Remedies. Fairfax, C&F, Holdings or its affiliates shall not be entitled to suspend payments otherwise due Executive by reason of Executive's violation of Section 7 hereof (whether before or after a judgment is obtained by C&F against Executive). Fairfax, C&F or Holdings shall not be entitled to set off against the amounts payable to Executive under this Agreement any amounts owed to Fairfax, C&F, Holdings or their affiliates by Executive. Nothing in this Subsection 7.4 shall limit Fairfax's, C&F's, Holdings' or their affiliates' remedies in the case of Executive's violation of this Agreement, except as otherwise specifically provided in this Subsection 7.4.

7.5 Covenant Not to Solicit. Executive agrees that, for a period of twelve (12) months after the Termination Date, Executive will not actively solicit to hire either directly or indirectly any non-clerical employee of Fairfax, C&F, Holdings and their affiliates.

Section 8. Miscellaneous.

8.1 Assignability; Binding Nature. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, heirs and assigns. No rights or obligations of Executive under this Agreement may be assigned or transferred by Executive other than Executive's rights to compensation and benefits hereunder, which may be transferred by will, by operation of law, or pursuant to the following sentence, in each case subject to the limitations set forth in this Agreement. Executive shall be entitled, to the extent permitted under applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit hereunder following Executive's death by giving Fairfax, C&F, Holdings or the Companies written notice thereof. In the event of Executive's death or a judicial determination of Executive's incompetence, references in this Agreement to Executive shall be deemed, where appropriate, to refer to Executive's beneficiary, estate or other legal representative. No rights or obligations of Fairfax, C&F, Holdings or the Companies under this Agreement may be assigned or transferred by Fairfax, C&F, Holdings or the Companies except that such rights or obligations may be assigned or transferred pursuant to a merger, consolidation or similar transaction in which Fairfax, C&F, Holdings or the Companies is not the continuing entity, or the sale or liquidation of all or substantially all of the business and assets of Fairfax, C&F, Holdings or the Companies, provided that the assignee or transferee is the successor to all or substantially all of the business and assets of Fairfax, C&F, Holdings or the Companies and such assignee or transferee promptly assumes the liabilities, obligations and duties of Fairfax, C&F, Holdings or the Companies, as contained in this Agreement, either contractually or as a matter of law.

8.2 Governing Law. This Agreement shall be deemed to be made in, and in all respects be interpreted, construed and governed by and in accordance with the laws of the State of New Jersey.

8.3 Arbitration of all Disputes. Any controversy or claim arising out of or relating to this Agreement (or the breach thereof) shall be settled by final, binding and non-appealable arbitration in New Jersey. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect, and judgment upon the award may be entered in any court having jurisdiction thereof. All costs associated with any arbitration, including all legal expenses for all Parties, shall be borne by Fairfax, C&F, Holdings or the Companies subject to Fairfax's, C&F's, Holdings' or the Companies right to repayment by Executive of costs incurred by Executive to the extent that Fairfax, C&F, Holdings or the Companies finally prevail in such arbitration.

8.4 Headings. The section and subsection headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

8.5 Notices. Unless otherwise agreed to in writing by the parties hereto, all communications provided for hereunder shall be in writing and shall be deemed to be given when delivered if delivered in person, the next day or designated delivery date if delivered by overnight service or courier, upon confirmation of receipt if delivered by facsimile, or five (5) business days after being sent by first-class mail, registered or certified, return receipt requested, with proper postage prepaid, and

(a) If to Executive, addressed to:

Mary Jane Robertson
One Farragut Place
Morristown, NJ 07960-5212

(b) If to Holdings, addressed to:

Chairman of the Board
Crum & Forster Holdings Corp.
305 Madison Avenue
Morristown, New Jersey 07962

with a copy to:

Brad Martin
Fairfax Financial Holdings Limited
95 Wellington St. West, Suite 800
Toronto, Ontario, Canada M5J 2NJ

(c) If to C&F, addressed to:

Chairman of the Board
Crum & Forster Holding Inc..
305 Madison Avenue
Morristown, New Jersey 07962

with a copy to:

Vice President – Human Resources
United States Fire Insurance Company
305 Madison Avenue
Morristown, New Jersey 07962

(d) If to Fairfax, addressed to:

Brad Martin
Fairfax Financial Holdings Limited
95 Wellington St. West, Suite 800
Toronto, Ontario, Canada M5J 2NJ

or to such other person or address as shall be furnished in writing by any party to the other prior to the giving of the applicable notice or communication.

8.6 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

8.7 Entire Agreement. This Agreement is intended by the parties hereto to be the final expression of their agreement with respect to the subject matter hereof and is the complete and exclusive statement of the terms thereof, notwithstanding any representations, statements or agreements to the contrary heretofore made. Any prior agreements or understandings are hereby terminated and superceded by this Agreement. This Agreement may be modified only by a written instrument signed by each of the parties hereto.

8.8 Waiver. The waiver by either Fairfax, C&F, Holdings or Executive to this Agreement of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any prior or subsequent breach of the same provision by the other party or a waiver of a breach of another provision of this Agreement by the other party. No waiver or modification of any provision of this Agreement shall be valid unless in writing and duly executed by the party to be charged with the waiver or modification.

8.9 Survivorship. Except as otherwise set forth in this Agreement, the respective rights and obligations of the parties shall survive any termination of Executive's employment hereunder.

8.10 Withholding Taxes. Fairfax, C&F, Holdings or their affiliates may withhold from any amounts or benefits payable under this Agreement any taxes that are required to be withheld pursuant to any applicable law or regulation.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

FAIRFAX FINANCIAL HOLDINGS LIMITED

By: */s/ Eric Salsberg*
Name: Eric Salsberg
Title: Vice President, Corporate Affairs

Attest: */s/ Bradley Martin*
Name: Bradley Martin
Title: Vice President and Secretary

CRUM & FORSTER HOLDING INC.

By: */s/ Joseph Braunstein*
Name: Joseph F. Braunstein
Title: President

Attest: */s/ Felicia Garland*
Name: Felicia L. Garland
Title: Secretary

CRUM & FORSTER HOLDINGS CORP.

By: */s/ Nikolas Antonopoulos*
Name: Nikolas Antonopoulos
Title: President and Chief Executive Officer

Attest: */s/ Carol Ann Soos*
Name: Carol Ann Soos
Title: Secretary

/s/ Mary Jane Robertson
Mary Jane Robertson

Exhibit 10.48

EMPLOYMENT AGREEMENT

This AGREEMENT ("Agreement") is effective on the 1st day of January 2005, as amended effective June 1, 2007, by and between Joseph Braunstein, an individual resident of the State of New Jersey ("Executive"), and FAIRFAX FINANCIAL HOLDINGS LIMITED, a corporation organized under the laws of the Province of Ontario, Canada, (together with its successors and assigns, "Fairfax") and Fairfax's indirect, wholly-owned subsidiaries, CRUM & FORSTER HOLDING INC., a corporation organized under the laws of the State of Delaware, (together with its successors and assigns, "C&F") and CRUM & FORSTER HOLDINGS CORP., a corporation organized under the laws of the State of Delaware (together with its successors and assigns, "Holdings").

W I T N E S S E T H:

WHEREAS, Fairfax, C&F and Holdings are desirous of employing Executive in accordance with the terms and conditions set forth in this Agreement, and Executive is desirous of being so employed;

NOW, THEREFORE, in consideration of the premises and the agreements contained in this Agreement, Fairfax, C&F and Holdings and Executive (together the "Parties" and individually a "Party"), intending to be legally bound, hereby agree as follows:

Section 1. Scope of Employment

1.1 Title. Executive shall be President of the wholly owned insurance subsidiaries of C&F (collectively, the "Companies"), excluding Crum & Forster Specialty Insurance Company and Seneca Insurance Company, Inc. and its subsidiaries.

1.2 Duties. As President, Executive shall be responsible for managing the day-to-day operations of the Companies, reporting to the Chairman of the Board, President and Chief Executive Officer of C&F, and for performing any additional services that are delegated to Executive by C&F's Chairman of the Board, President and Chief Executive Officer and or by Holdings' Chairman of the Board or the Boards of Directors of C&F or Holdings (the "Board"). Executive shall devote substantially all of Executive's business time and efforts to the performance of the responsibilities of the office of the President of the Companies diligently and to the best of Executive's abilities and shall not, without the prior written consent of the Chairman of the Board, President and Chief Executive Officer of C&F and the Board of C&F, accept other employment or render or perform other duties, nor shall Executive have any direct or indirect ownership interest in any other business which is in competition with the business of Fairfax, C&F, or Holdings and their affiliated companies, other than up to five percent (5%) of the outstanding securities of a corporation (determined by vote or value) or limited partnership interests constituting up to five percent (5%) of the value of any such partnership. The foregoing shall not preclude Executive from engaging in charitable and personal investment activities, provided that, in the judgment of Holdings' Board, such activities do not materially interfere with Executive's performance.

1.3 Place of Performance. Executive shall be based in Morristown, New Jersey, at the principal offices of C&F or such other place as may be agreed to in writing by the Parties.

Section 2. Term

2.1 Term. C&F hereby employs the Executive on a rolling, two-year basis, with the period of the Executive's employment under this Agreement commencing on January 1, 2005 and continuing for a minimum period of two years thereafter, with a provisional ending date of January 1, 2007 ("Term"), such ending date subject to automatic extension as provided below. The period of the Executive's employment hereunder within the Term and any automatically extended terms is herein referred to as the "Employment Period".

2.2 Automatic Extension. On January 1, 2005, and on each day thereafter, the Employment Period shall be extended automatically by one day unless at any time after January 1, 2005, C&F delivers to the Executive, or the Executive delivers to C&F, written notice that the Employment Period will not thereinafter be further extended and will therefore end at the expiration of the then existing Employment Period, including any previous extensions. Following such notice, the Employment Period will not be further extended except by mutual agreement of C&F and the Executive. Thus, after January 1, 2005, until written notice is received by either party, the unexpired Employment Period at any point in time shall be two years. The Employment Period shall continue until the expiration of all automatic extensions effected as described herein, unless and until it ceases or is terminated sooner as provided for in Section 5.

Section 3. Cash Compensation; Expenses

3.1 Base Salary. Executive shall be paid a base salary (the "Base Salary") during the Employment Period at an annual rate of five hundred thousand United States dollars (US$500,000). The Base Salary shall be (a) payable in equal installments on the schedule that C&F or the Companies may implement from time to time for general payroll purposes (but not less frequently than monthly), and (b) subject to any withholdings and deductions required by applicable law or requested by Executive. The then current Base Salary shall be reviewed in good faith by both the Chairman of the Board of Fairfax and the Chief Executive Officer of C&F within a ninety (90) day period following January 1st of each year that this Agreement is in effect and any recommendation for a salary increase shall be presented to the Board of Directors of Fairfax or any designated committee thereof as deemed appropriate after such review; provided, however, that in no event shall the Base Salary of the Executive be reduced below five hundred thousand United States dollars (US$500,000) annually without the Executive's prior written consent.

3.2 Annual Cash Bonus. At the sole discretion of Fairfax or Holdings, Executive may be paid a cash bonus (the "Cash Bonus"). Any such Cash Bonus shall be determined by the Board of Directors of Fairfax or of Holdings or such other person or group as is designated by the Chairman of the Board of Fairfax. The Cash Bonus, if any, shall be paid in January following the subject year or at such other time within sixty (60) days of January 1st as Executive and Holdings may agree.

3.3 Extraordinary Bonus Plan. Executive is entitled to participate in The United States Fire Insurance Company 2003 Extraordinary Bonus Plan pursuant to the terms of such plan. `

3.4 Reimbursement of Expenses. C&F shall pay or reimburse the Executive for all reasonable business expenses, including first class travel and accommodation, actually incurred or paid by the Executive during the Employment Period under this Agreement in performance of Executive's services hereunder in accordance with the current practices of C&F applicable to the Executive. All reimbursements are subject to modification from time to time hereafter, provided that such modification does not adversely affect the Executive's payments or reimbursements incurred prior thereto. Such payments or reimbursements shall be made upon presentation of expense statements or vouchers or such other supporting information as C&F or the Companies may require of its senior executives.

Section 4. Additional Executive Benefits

4.1 Memberships. During the Employment Period, C&F or the Companies shall reimburse Executive for all reasonable costs and expenses associated with Executive's memberships in a golf club and appropriate business and professional clubs and organizations.

4.2 Automobile. During the Employment Period, C&F or the Companies shall provide Executive with the unrestricted use of a luxury automobile and shall pay for all expenses pertaining thereto, including, but not limited to, operating expenses, taxes, insurance, and maintenance expenses.

4.3 Professional Consultation. From Executive's date of employment through the end of the Employment Period, C&F or the Companies shall reimburse Executive for expenses incurred by Executive for reasonable personal financial and tax consultation, including, but not limited to, fees charged by attorneys, CPA's or financial planners.

4.4 Indemnification. Pursuant to applicable law, Fairfax, C&F and Holdings shall promptly indemnify and hold harmless Executive if Executive is made a party, or is threatened to be made a party, to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, including any action or suit by or in the right of any of the affiliates of Holdings (collectively, a "Proceeding") arising out of, or relating to, the fact that Executive is or was a director, executive, employee, representative or agent of any of Fairfax, C&F or Holdings any of their affiliates, against any and all judgments, settlements, penalties, fines, liabilities, losses, costs or expenses (including, but not limited to, court costs, disbursements, and reasonably incurred attorneys and expert witness fees) incurred or suffered in connection with, or in anticipation of, a Proceeding, to the extent that Executive acted in a manner Executive believed in good faith to be in or not opposed to the interests of the Fairfax, C&F or Holdings or any of their affiliates, and, in the case of any criminal proceeding, had no reasonable cause to believe Executive's conduct was unlawful. Fairfax, C&F or Holdings or any of their affiliates may not indemnify Executive in connection with any Proceeding to the extent that the Executive is finally adjudged either (x) to be liable to Fairfax, C&F or Holdings or any of their affiliates or (y) to be liable on the basis that Executive improperly received personal benefit. Indemnification in connection with a Proceeding brought by or in the right of Fairfax, C&F or Holdings or any of their affiliates shall be limited to costs and expenses incurred in connection with, or in anticipation of the Proceeding (including, without limitation, court costs, disbursements, and reasonably incurred attorneys and expert witness fees). Pursuant to applicable law, Executive shall be entitled to an advancement of any and all costs and expenses incurred in connection with, or in anticipation of any threatened or actual Proceeding, or in connection with seeking to enforce Executive's rights under this Subsection 4.4*,* within fifteen (15) days after Executive gives written notice requesting such an advancement. Such notice shall include, to the extent required by applicable law, an undertaking by Executive to repay the amount advanced if Executive is ultimately determined not to be entitled to indemnification against such costs and expenses. Additionally, during the Employment Period and for six (6) years thereafter, Fairfax shall cover Executive under any directors and officers liability insurance policy that it may then have in effect. Executive's rights under this Subsection 4.4 shall continue even if Executive has ceased to be a director, officer, executive, employee, representative, or agent of any of Fairfax, C&F, or Holdings or any of their affiliates and shall inure to the benefit of Executive's heirs, executors and administrators.

4.5 Tax Payments. The Companies agree to indemnify the Executive in connection with any and all taxes which may become payable by the Executive under Section 280 (G) of the Internal Revenue Code of 1986, as amended.

4.6 Long Term Incentive Plan. Executive is entitled to participate in the Crum & Forster Holdings Corp. Long Term Incentive Plan pursuant to the terms of such plan.

Section 5. Termination

5.1 Termination Due to Death or Disability. In the event Executive's employment with the Companies is terminated (a) due to Executive's death, or (b) by the Companies due to Executive's Disability, then, in any such case, Executive (or, in the case of termination of employment due to death of Executive, the estate or other legal representative of Executive) shall be entitled to the following:

(i) Salary. The total amount of Executive's then Base Salary for a six (6) month period shall be paid in a lump sum, without discount, subject to any withholdings and deductions required by applicable law or requested by Executive as soon as reasonably possible following Executive's termination of employment date as hereinafter defined.

(ii) Benefits. In the case of the Executive's Disability, life insurance and other death benefits, health and medical benefits, disability benefits and other welfare benefits, no less favorable to Executive than those provided prior to the Termination Date under the C&F benefit plans, shall be continued for the period of such Disability but, in no event, beyond what would be provided under the C&F or any of the Companies' long-term disability benefit plan in effect at the time.

(iii) Bonus. Upon termination of employment, Executive shall be paid the pro-rata portion of the Cash Bonus provided under Subsection 3.2 that would have been paid to Executive had the termination of Executive's employment not occurred. Such bonus will be paid in accordance with C&F's or the Companies' standard practices and timing for payment of annual bonuses.

For purposes of this Agreement, the term **"Disability"** shall mean "disability" as defined in the then current United States Fire Insurance Company Long Term Disability Plan.

5.2 Termination Without Cause or Termination by Executive for Good Reason. In the event Executive's employment with Fairfax, C&F or Holdings or the Companies is terminated (a) by Fairfax, C&F or Holdings or the Companies without Cause, or (b) by Executive when Good Reason exists, then, in any such case, Executive shall be entitled to the following:

(i) Salary Equivalent. Fairfax, C&F or the Companies shall pay Executive an amount equal to Executive's Base Salary as of the Termination Date, for a period of thirty-six (36) months from the Termination Date. Payments pursuant to this Subsection 5.2(i) shall be at such times and in accordance with such procedure as apply to payments governed by Subsection 3.1.

(ii) Annual Cash Bonus. Fairfax, C&F Holdings or the Companies shall pay the Executive each January for a period of thirty-six (36) months from the Termination Date, a cash amount equal to Executive's Base Salary as of the Termination Date.

(iii) Acceleration of Vesting of Restricted Stock Awards. All then unvested Fairfax restricted stock awards shall be fully vested as of the Termination Date.

(iv) Plan Benefits. Fairfax, C&F, Holdings or the Companies shall pay or make available to Executive all vested benefits accrued or available under any benefit plan in accordance with and subject to the terms of such benefit plan. In addition, the vesting provisions of the Fairfax Financial Restricted Share Plan; the Crum & Forster Holdings Corp. Long Term Incentive Plan; the Crum & Forster Holdings Corp. 2007 Long-Term Incentive Plan; and any other long-term bonus or incentive arrangement or plan shall be accelerated should Executive's employment terminate pursuant to Subsection 5.2, Termination Without Cause or Termination by Executive for Good Reason, of Section 5, Termination, of the Agreement.

(v) Miscellaneous Health, Death and Disability Benefits. C&F, Holdings or the Companies shall provide Executive with life insurance and other death benefits, health and medical benefits and long term disability benefits substantially similar to those benefits provided to Executive prior to the Termination Date under the benefit plans, for a period of thirty-six (36) months following the Termination Date, with contribution by the Executive in a manner and percentage similar to that prior to the Executive's Termination Date. These benefits shall cease, however, if and when the Executive becomes eligible to participate in similar benefit plans provided by another employer.

(vi) Placement Services. At no cost to Executive, C&F, Holdings or the Companies shall provide Executive, if Executive desires such assistance, with the assistance of a nationally recognized executive placement firm for a period of twelve (12) months following the Termination Date; provided, however, that C&F or the Companies shall not be required to continue to provide Executive with such assistance in the event that Executive begins other full time employment during such period.

For purposes of this Agreement, the following terms shall have the following meanings:

"Cause" shall mean:

(a) the willful and continued failure of Executive, after written notice to Executive, to substantially perform Executive's duties on behalf of Fairfax, C&F or Holdings or their affiliates, other than any such failure resulting from incapacity due to physical or mental illness or death;

(b) the willful engagement of Executive in gross misconduct materially and demonstrably injurious to Fairfax, C&F, Holdings or their affiliates;

(c) the Executive's conviction in a court of law of any criminal felony offense involving dishonesty or breach of trust under the laws of the United States or any other jurisdiction the laws of which may apply;

(d) the Executive's willful failure to perform specific written directives of the Board of Directors of C&F or the Chairman and Chief Executive Officer which directives are consistent with the scope and nature of the Executive's existing duties;

(e) formal directive by any insurance regulatory authority governing the Companies' ability to conduct business operations to remove the Executive as an Officer of C&F, Holdings or any of their subsidiaries.

An act or failure to act on the part of Executive shall be considered "willful" if done, or failed to be done, by Executive in the absence of good faith and without reasonable belief that such action or omission was in the best interest of the Companies.

"Good Reason" shall exist if any of the following events have occurred without Executive's express prior written consent and Executive has been aware of such occurrence for not longer than three (3) months:

(a) the assignment to Executive by Fairfax, C&F or Holdings or the Companies of any duties, responsibilities or status with Fairfax, C&F or Holdings or the Companies that, when compared to Executive's previous duties, responsibilities and status with Fairfax, C&F or Holdings or the Companies, are degrading to Executive or materially inconsistent with Executive's qualifications, including ceasing to be and have functions and responsibilities of President of the Companies, if such assignment is not reversed within twenty (20) days of written notice being delivered by Executive to Fairfax, C&F, Holdings or the Companies that such assignment must be reversed;

(b) any diminution of Executive's duties or responsibilities or loss of title resulting from a corporate restructuring or a reorganization of operations within C&F, Holdings or the Companies if, but only if, (i) following such restructuring or reorganization, the responsibilities, authorities and status of the Executive, viewed in the aggregate (and thus taking into account enhancements as well as diminishments), are materially diminished, and (ii) such diminution or loss of title is not reversed within twenty (20) days of written notice being delivered by Executive to Fairfax, C&F, Holdings or the Companies that such diminution or loss of title must be reversed;

(c) a relocation of Executive's principal office beyond a thirty (30) mile radius of Morristown, New Jersey;

(d) any material breach by Fairfax, C&F, Holdings or the Companies of a provision of any written agreement between Fairfax, C&F or Holdings or the Companies and Executive, including this Agreement, if not cured within twenty (20) days of written notice of such breach delivered by Executive to Fairfax, C&F, Holdings or the Companies;

(e) any failure by Fairfax, C&F, Holdings or the Companies to promptly obtain an assumption of any then remaining obligations under this Agreement by any successor or assign of Fairfax, C&F, Holdings or the Companies; or

(f) a change in control ("Change in Control"), which shall mean any of the following:

(i) A transaction (or series of transactions) as a result of which Fairfax fails to own, directly or through subsidiaries, at least 50.1 percent of the total voting power represented by Holdings' outstanding voting securities; or

(ii) The sale, transfer or other disposition of all or substantially all of the assets of Holdings to one more entities unaffiliated with the Company.

Notwithstanding the foregoing, an initial public offering shall not constitute a Change in Control and a transaction the sole purpose of which is to change the state of Holdings' incorporation shall not constitute a Change in Control.

5.3 Termination for Cause or by Executive Without Good Reason. Without limiting Subsection 5.4, in the event Executive's employment with Fairfax, C&F, Holdings or the Companies is terminated (a) for Cause, or (b) by Executive without Good Reason, Executive shall not be entitled to receive any compensation from Fairfax, C&F, Holdings or the Companies for periods after the Termination Date.

5.4 Mutual Termination. Fairfax, C&F, Holdings or the Companies and Executive shall have the right at any time prior to expiration of the Employment Period to terminate the employment of Executive hereunder for any reason or for no reason upon their mutual agreement to do so, such mutual agreement to be set forth in a writing signed by the Parties.

5.5 Miscellaneous:

(a) On any termination of Executive's employment with Fairfax, C&F, Holdings or the Companies, Executive shall be entitled to:

(i) base salary through the Termination Date;

(ii) the balance of any annual, long-term, or other incentive award accrued as of the Termination Date (but not yet paid);

(iii) a lump-sum payment in respect of accrued but unused paid time off at Executive's Base Salary rate in effect as of the Termination Date;

(iv) other or additional benefits accrued or payable as of the Termination Date in accordance with applicable plans, programs and arrangements of C&F or Holdings (including, without limitation, Sections 3 and 4); and

(v) payment or provision, reasonably promptly when due, of all amounts and benefits owed to Executive in connection with the termination;

(b) in the event of any termination of Executive's employment with Fairfax, C&F, Holdings or the Companies, no contractual obligations to Fairfax, C&F, Holdings or the Companies shall restrict Executive's right to perform services for any new employer. Executive shall be under no obligation to seek other employment or otherwise mitigate the obligations of Fairfax, C&F, Holdings or the Companies under this Agreement; and there shall be no offset against amounts due Executive under this Agreement on account of (i) any claim that Fairfax or C&F or the Companies may have against Executive or (ii) any remuneration or other benefit earned or received by Executive after such termination. Any amounts due under this Section 5 are considered to be reasonable by Fairfax, C&F, Holdings or the Companies and are not in the nature of a penalty.

5.6 Termination Date and Notice of Termination

(a) Notice. Any termination of Executive's employment with Fairfax, C&F, Holdings or the Companies (other than termination upon the death of Executive, upon expiration of the Employment Period, or by mutual agreement pursuant to Subsection 5.4) shall be communicated by written Notice of Termination to the other Parties. For purposes of this Agreement, a "Notice of Termination" shall mean a notice that indicates the specific termination provisions in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provisions so indicated.

(b) Termination Date. "Termination Date" shall mean (i) if Executive's employment is terminated by Executive's death, the date of Executive's death, (ii) if Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given provided that Executive shall not have returned to the performance of duties on a full-time basis during such thirty (30) day period), (iii) if Executive's employment is terminated for Cause, ten (10) days after Notice of Termination is given, (iv) if Executive's employment is terminated by Executive for Good Reason, thirty (30) days after Notice of Termination is given by Executive, (v) if Executive's employment is terminated by mutual agreement of the parties pursuant to Subsection 5.4, then the date agreed upon by the parties, (vi) if Executive's employment is terminated by expiration of the Employment Period, the last day of the Employment Period, and (vii) if Executive's employment is terminated for any other reason, the date on which Executive ceases to perform Services unless some other date is agreed to in writing.

Section 6. Representations of the Parties

Fairfax, C&F and Holdings represent and warrant to Executive that (a) this Agreement has been duly executed and delivered by Fairfax, C&F and Holdings, (b) the execution, delivery and performance of this Agreement by and Fairfax, C&F and Holdings has been duly authorized by all necessary corporate action on the part of each of Fairfax, C&F and Holdings, (c) this Agreement constitutes the legal, valid and binding obligation of each of Fairfax, C&F and Holdings, enforceable against each of Fairfax, C&F and Holdings in accordance with its terms, and (d) the execution, delivery and performance of this Agreement by Fairfax, C&F and Holdings does not, and will not, conflict with, violate, or constitute a breach of or a default under, (i) the Articles or Certificate of Incorporation or Bylaws of Fairfax, C&F or Holdings, (ii) any provision of law or regulation applicable to any of the Fairfax, C&F or Holdings, (iii) any provision of any indenture, agreement or other instrument to which any of Fairfax, C&F or Holdings is a party or by which Fairfax, C&F or Holdings is bound or affected, with respect to which any such conflict, violation, breach or default would render this Agreement unenforceable or would have a material adverse effect on the financial condition of the Fairfax, C&F or Holdings, and (e) neither Fairfax, C&F nor Holdings has received any legal advice contrary to their representations and warranties set forth in this Section 6. Executive represents and warrants to Fairfax, C&F and Holdings that (a) Executive's execution, delivery and performance of this Agreement do not, and will not, conflict with, violate, or constitute a breach of or a default under, any provision of law or regulation applicable to Executive or any provision of any agreement, contract or other instrument to which Executive is a party or by which Executive is otherwise bound, (b) this Agreement constitutes the legal, valid and binding obligation of Executive, enforceable against Executive in accordance with its terms, and (c) Executive has not received any legal advice contrary to Executive's representations and warranties set forth in this Section 6.

Section 7. Certain Covenants.

7.1 Confidential Data. Executive covenants that Executive shall not, without the prior written consent of the Board of Directors of either Fairfax, C&F or Holdings or its affiliates or a person authorized by such Board of Directors, disclose to any person, other than (x) employees, agents or representatives of Fairfax, C&F or Holdings or its affiliates, (y) in connection with performing the Services or (z) in confidence to an attorney for the purpose of obtaining legal advice, any confidential proprietary information about Fairfax, C&F or Holdings or their affiliates or their businesses, unless and until such information has become known to the public generally (other than as a result of unauthorized disclosure by Executive) or unless Executive is required to disclose such information by a court, arbitrator, governmental body, or other person with apparent authority to require such disclosure. The foregoing covenant by Executive shall be without limitation as to time and geographic application.

7.2 Property of Fairfax, C&F, Holdings and Their Affiliates. Executive acknowledges that from time to time in the course of providing services pursuant to this Agreement, Executive shall have the opportunity to inspect and use certain property, both tangible and intangible, of Fairfax, C&F, Holdings or their affiliates and Executive hereby agrees that said property shall remain the exclusive property of Fairfax, C&F, Holdings or their affiliates, and Executive shall have no right or proprietary interest in such property, whether tangible or intangible, including, without limitation, Executive's customer and supplier lists, contact forms, books of account, computer programs and similar property.

7.3 Equitable Relief. Executive acknowledges that the services to be rendered by Executive are of a special, unique, unusual, extraordinary, and intellectual character, which gives them a peculiar value, and the loss of which cannot reasonably or adequately be compensated in damages in an action at law; and that a breach by Executive of any of the provisions contained in this Agreement may cause Fairfax, C&F or Holdings or their affiliates irreparable injury and damage. Executive further acknowledges that Executive possesses unique skills, knowledge and ability and that competition by Executive in violation of this Agreement or any other breach of the provisions of this Agreement could be extremely detrimental to Fairfax, C&F, Holdings or their affiliates. By reason thereof Executive agrees that Fairfax, C&F, Holdings or their affiliates may be entitled, in addition to any other remedies it may have under this Agreement or otherwise, to injunctive and other equitable relief to prevent or curtail any breach of this Agreement by Executive.

7.4 Limitations on Remedies. Fairfax, C&F, Holdings or its affiliates shall not be entitled to suspend payments otherwise due Executive by reason of Executive's violation of Section 7 hereof (whether before or after a judgment is obtained by C&F against Executive). Fairfax, C&F or Holdings shall not be entitled to set off against the amounts payable to Executive under this Agreement any amounts owed to Fairfax, C&F, Holdings or their affiliates by Executive. Nothing in this Subsection 7.4 shall limit Fairfax's, C&F's, Holdings' or their affiliates' remedies in the case of Executive's violation of this Agreement, except as otherwise specifically provided in this Subsection 7.4.

7.5 Covenant Not to Solicit. Executive agrees that, for a period of twelve (12) months after the Termination Date, Executive will not actively solicit to hire either directly or indirectly any non-clerical employee of Fairfax, C&F, Holdings and their affiliates.

Section 8. Miscellaneous.

8.1 Assignability; Binding Nature. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, heirs and assigns. No rights or obligations of Executive under this Agreement may be assigned or transferred by Executive other than Executive's rights to compensation and benefits hereunder, which may be transferred by will, by operation of law, or pursuant to the following sentence, in each case subject to the limitations set forth in this Agreement. Executive shall be entitled, to the extent permitted under applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit hereunder following Executive's death by giving Fairfax, C&F, Holdings or the Companies written notice thereof. In the event of Executive's death or a judicial determination of Executive's incompetence, references in this Agreement to Executive shall be deemed, where appropriate, to refer to Executive's beneficiary, estate or other legal representative. No rights or obligations of Fairfax, C&F, Holdings or the Companies under this Agreement may be assigned or transferred by Fairfax, C&F, Holdings or the Companies except that such rights or obligations may be assigned or transferred pursuant to a merger, consolidation or similar transaction in which Fairfax, C&F, Holdings or the Companies is not the continuing entity, or the sale or liquidation of all or substantially all of the business and assets of Fairfax, C&F, Holdings or the Companies, provided that the assignee or transferee is the successor to all or substantially all of the business and assets of Fairfax, C&F, Holdings or the Companies and such assignee or transferee promptly assumes the liabilities, obligations and duties of Fairfax, C&F, Holdings or the Companies, as contained in this Agreement, either contractually or as a matter of law.

8.2 Governing Law. This Agreement shall be deemed to be made in, and in all respects be interpreted, construed and governed by and in accordance with the laws of the State of New Jersey.

8.3 Arbitration of all Disputes. Any controversy or claim arising out of or relating to this Agreement (or the breach thereof) shall be settled by final, binding and non-appealable arbitration in New Jersey. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect, and judgment upon the award may be entered in any court having jurisdiction thereof. All costs associated with any arbitration, including all legal expenses for all Parties, shall be borne by Fairfax, C&F, Holdings or the Companies subject to Fairfax's, C&F's, Holdings' or the Companies right to repayment by Executive of costs incurred by Executive to the extent that Fairfax, C&F, Holdings or the Companies finally prevail in such arbitration.

8.4 Headings. The section and subsection headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

8.5 Notices. Unless otherwise agreed to in writing by the parties hereto, all communications provided for hereunder shall be in writing and shall be deemed to be given when delivered if delivered in person, the next day or designated delivery date if delivered by overnight service or courier, upon confirmation of receipt if delivered by facsimile, or five (5) business days after being sent by first-class mail, registered or certified, return receipt requested, with proper postage prepaid, and

(a) If to Executive, addressed to:

Joseph F. Braunstein
1 Morningside Court
Flemington, NJ 08822

(b) If to Holdings, addressed to:

Chairman of the Board
Crum & Forster Holdings Corp.
305 Madison Avenue
Morristown, New Jersey 07962

with a copy to:

Brad Martin
Fairfax Financial Holdings Limited
95 Wellington St. West, Suite 800
Toronto, Ontario, Canada M5J 2NJ

(c) If to C&F, addressed to:

Chairman of the Board
Crum & Forster Holding Inc..
305 Madison Avenue
Morristown, New Jersey 07962

with a copy to:

Vice President – Human Resources
United States Fire Insurance Company
305 Madison Avenue
Morristown, New Jersey 07962

(d) If to Fairfax, addressed to:

Brad Martin
Fairfax Financial Holdings Limited
95 Wellington St. West, Suite 800
Toronto, Ontario, Canada M5J 2NJ

or to such other person or address as shall be furnished in writing by any party to the other prior to the giving of the applicable notice or communication.

8.6 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

8.7 Entire Agreement. This Agreement is intended by the parties hereto to be the final expression of their agreement with respect to the subject matter hereof and is the complete and exclusive statement of the terms thereof, notwithstanding any representations, statements or agreements to the contrary heretofore made, including but not limited to the Employment Agreement effective as of January 1, 2004, between Executive and C&F, which is terminated effective as of December 31, 2004. This Agreement may be modified only by a written instrument signed by each of the parties hereto.

8.8 Waiver. The waiver by either Fairfax, C&F, Holdings or Executive to this Agreement of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any prior or subsequent breach of the same provision by the other party or a waiver of a breach of another provision of this Agreement by the other party. No waiver or modification of any provision of this Agreement shall be valid unless in writing and duly executed by the party to be charged with the waiver or modification.

8.9 Survivorship. Except as otherwise set forth in this Agreement, the respective rights and obligations of the parties shall survive any termination of Executive's employment hereunder.

8.10 Withholding Taxes. Fairfax, C&F, Holdings or their affiliates may withhold from any amounts or benefits payable under this Agreement any taxes that are required to be withheld pursuant to any applicable law or regulation.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

FAIRFAX FINANCIAL HOLDINGS LIMITED

By: */s/ Eric Salsberg*
Name: Eric Salsberg
Title: Vice President, Corporate Affairs

Attest: */s/ Bradley Martin*
Name: Bradley Martin
Title: Vice President and Secretary

CRUM & FORSTER HOLDING INC.

By: */s/ Mary Jane Robertson*
Name: Mary Jane Robertson
Title: Executive Vice President and Treasurer

Attest: */s/ Felicia Garland*
Name: Felicia L. Garland
Title: Secretary

CRUM & FORSTER HOLDINGS CORP.

By: /s/ *Mary Jane Robertson*
Name: Mary Jane Robertson
Title: Executive Vice President,
Chief Financial Officer and Treasurer

Attest: */s/ Carol Ann Soos*
Name: Carol Ann Soos
Title: Secretary

/s/ Joseph Braunstein
Joseph Braunstein

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Nikolas Antonopoulos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crum & Forster Holdings Corp.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
   (c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2007

By: /s/ *Nikolas Antonopoulos*
Nikolas Antonopoulos
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mary Jane Robertson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crum & Forster Holdings Corp.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   (c) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2007

By: /s/ *Mary Jane Robertson*
Mary Jane Robertson
Executive Vice President,
Chief Financial Officer and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Crum & Forster Holdings Corp. (the "Company") for the period ended September 30, 2007 (the "Report") as filed with the Securities and Exchange Commission on the date hereof, I, Nikolas Antonopoulos, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. This Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 1, 2007

By: /s/ *Nikolas Antonopoulos*
Nikolas Antonopoulos
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission, or its staff, upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Crum & Forster Holdings Corp., (the "Company") for the period ended September 30, 2007 (the "Report") as filed with the Securities and Exchange Commission on the date hereof, I, Mary Jane Robertson, Executive Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. This Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 1, 2007

By: /s/ *Mary Jane Robertson*
Mary Jane Robertson
Executive Vice President, Chief Financial Officer
and Treasurer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission, or its staff, upon request.