



Grant Thornton

March 3, 2014

To the Members Committee of Terrafirma Risk Retention Group LLC:

Grant Thornton LLP
124 Hebron Avenue, Suite 200
Glastonbury, CT 06033
T 860.781.6700
F 860.633.0480
GrantThornton.com
linkd.in/GrantThorntonUS
twitter.com/GrantThorntonUS

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Terrafirma Risk Retention Group LLC (the Company) as of and for the year ended December 31, 2013 and 2012, and have issued our report thereon dated March 3, 2014. In connection therewith, we advise you as follows:

1. We are independent certified public accountants with respect to the Company and conform to the standards of the accounting profession as contained in the Code of Professional Conduct and pronouncements of the American Institute of Certified Public Accountants, and the Rules of Professional Conduct of the Connecticut and Vermont State Boards of Public Accountancy.
2. The engagement partner and engagement manager, who are certified public accountants, have twenty-one and eleven years, respectively, of experience in public accounting and are experienced in auditing insurance enterprises. Members of the engagement team, most of whom have had experience in auditing insurance enterprises and 50 percent of whom are certified public accountants, were assigned to perform tasks commensurate with their training and experience.
3. We understand that the Company intends to file its audited financial statements and our report thereon with the Vermont Department of Financial Regulation and that the insurance commissioner and regulators will be relying on that information in monitoring and regulating the financial condition of the Company.

While we understand that an objective of issuing a report on the financial statements is to satisfy regulatory requirements, our audit was not planned to satisfy all objectives or responsibilities of insurance regulators. In this context, the Company and the insurance commissioner should understand that the objective of an audit of financial statements in accordance with auditing standards generally accepted in the United States of America is to form an opinion and issue a report on whether the financial statements present fairly in all material respects, the financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Consequently, under auditing standards generally accepted in the United States of America, we have the responsibility, within the inherent limitations of the auditing process, to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud, and to exercise due professional care in the conduct of the audit. The concept of selective testing of the data being audited, which involves judgment both as to the number of transactions to be audited and the areas to be tested, has been generally accepted as a valid and sufficient basis for an auditor to express an opinion on financial statements. Audit procedures that are effective for detecting errors, if they exist, may be ineffective for detecting misstatements resulting from

fraud. Because of the characteristics of fraud, particularly those involving concealment and falsified documentation (including forgery), a properly planned and performed audit may not detect a material misstatement resulting from fraud.

In addition, an audit does not address the possibility that material errors or misstatements caused by fraud may occur in the future. Also, our use of professional judgment and the assessment of materiality for the purpose of our audit means that matters may exist that would have been assessed differently by the insurance commissioner.

It is the responsibility of the management of the Company to adopt sound accounting policies, to maintain an adequate and effective system of accounts, and to establish and maintain internal control that will, among other things, provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

The insurance commissioner should exercise due diligence to obtain whatever other information that may be necessary for the purpose of monitoring and regulating the financial position of insurers and should not rely solely upon the independent auditors' report.

4. We will retain the work papers prepared in the conduct of our audit until the Vermont Department of Financial Regulation has filed a Report of Examination covering 2013, but not longer than seven years. After notification to the Company, we will make the work papers available for review by the Vermont Department of Financial Regulation at the offices of the insurer, at our offices, at the Vermont Department of Financial Regulation or at any other reasonable place designated by the Insurance Director. Furthermore, in the conduct of the aforementioned periodic review by the Vermont Department of Financial Regulation, photocopies of pertinent audit work papers may be made (under the control of the accountant) and such copies may be retained by the Vermont Department of Financial Regulation.
5. The engagement partner has served in that capacity with respect to the Company since 2012, is licensed by the Connecticut, Massachusetts and Maryland State Boards of Public Accountancy, practices in the state of Vermont under the Individual Practice Privilege and is a member in good standing of the American Institute of Certified Public Accountants.
6. To the best of our knowledge and belief, we are in compliance with the requirements of section 7 of the NAIC's Model Rule (Regulation) Requiring Annual Auditing Financial Reports regarding qualifications of independent certified public accountants.

This letter is intended solely for the information and use of the Members Committee, management, and the Vermont Department of Financial Regulation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Grant Thornton LLP