

WHITE MOUNTAINS INSURANCE GROUP LTD

Form 10-Q

October 28, 2011

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

**For the period ended September 30, 2011**

**OR**

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

**For the transition period from                      to**

**Commission file number 1-8993**

**WHITE MOUNTAINS INSURANCE GROUP, LTD.**

(Exact name of Registrant as specified in its charter)

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**Bermuda**  
(State or other jurisdiction of  
incorporation or organization)

**94-2708455**  
(I.R.S. Employer  
Identification No.)

**80 South Main Street,  
Hanover, New Hampshire**  
(Address of principal executive offices)

**03755-2053**  
(Zip Code)

Registrant's telephone number, including area code: **(603) 640-2200**

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, and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

As of October 28, 2011, 7,630,717 common shares with a par value of \$1.00 per share were outstanding (which includes 73,500 restricted common shares that were not vested at such date).

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Table of Contents**PART I. FINANCIAL INFORMATION.****Item 1. Financial Statements****WHITE MOUNTAINS INSURANCE GROUP, LTD.****CONSOLIDATED BALANCE SHEETS**

(Millions, except share and per share amounts)	September 30, 2011 Unaudited	December 31, 2010
<b>Assets</b>		
Fixed maturity investments, at fair value	\$ 5,287.7	\$ 5,786.1
Short-term investments, at amortized cost (which approximates fair value)	772.8	975.3
Common equity securities, at fair value	669.8	667.0
Convertible fixed maturity investments, at fair value	140.5	143.0
Other long-term investments	328.8	372.1
Total investments	7,199.6	7,943.5
Cash (restricted: \$393.3 and \$286.7)	557.7	395.0
Reinsurance recoverable on unpaid losses	2,581.2	2,344.0
Reinsurance recoverable on paid losses	30.9	63.1
Insurance and reinsurance premiums receivable	644.8	532.5
Funds held by ceding companies	131.6	118.7
Investments in unconsolidated affiliates	458.6	389.7
Deferred acquisition costs	202.9	176.1
Deferred tax asset	431.7	431.9
Ceded unearned insurance and reinsurance premiums	104.4	184.0
Accrued investment income	58.3	63.3
Accounts receivable on unsettled investment sales	20.3	39.5
Other assets	760.2	730.0
Assets held for sale	1,399.5	1,122.8
<b>Total assets</b>	<b>\$ 14,581.7</b>	<b>\$ 14,534.1</b>
<b>Liabilities</b>		
Loss and loss adjustment expense reserves	\$ 5,882.0	\$ 5,736.8
Unearned insurance and reinsurance premiums	976.4	938.7
Debt	669.0	818.8
Deferred tax liability	360.6	373.2
Accrued incentive compensation	169.9	157.4
Ceded reinsurance payable	188.3	221.1
Funds held under reinsurance treaties	39.3	85.8
Accounts payable on unsettled investment purchases	57.1	22.3
Other liabilities	1,310.6	1,167.7
Liabilities held for sale	909.4	751.5
<b>Total liabilities</b>	<b>10,562.6</b>	<b>10,273.3</b>
<b>Shareholders' equity and noncontrolling interests</b>		
<b>White Mountains common shareholders' equity</b>		
White Mountains common shares at \$1 par value per share - authorized 50,000,000 shares; issued and outstanding 7,630,717 and 8,194,925 shares	7.6	8.2
Paid-in surplus	1,262.7	1,350.8

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Retained earnings	2,004.0	2,175.6
Accumulated other comprehensive income, after-tax:		
Equity in unrealized gains from investments in unconsolidated affiliates	135.7	58.5
Net unrealized foreign currency translation gains	35.7	61.4
Other	(1.0)	(1.5)
<b>Total White Mountains common shareholders equity</b>	<b>3,444.7</b>	<b>3,653.0</b>
<b>Noncontrolling interests</b>		
Noncontrolling interest - OneBeacon Ltd.	269.8	295.0
Noncontrolling interest - Sirius Group Preference Shares	250.0	250.0
Noncontrolling interest - consolidated limited partnerships and A.W.G Dewar	54.6	62.8