

WHITE MOUNTAINS INSURANCE GROUP LTD
Form 10-Q
April 28, 2014

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

For the period ended March 31, 2014

OR

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)

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

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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 April 28, 2014, 6,174,386 common shares with a par value of \$1.00 per share were outstanding (which includes 81,325 restricted common shares that were not vested at such date).

WHITE MOUNTAINS INSURANCE GROUP, LTD.

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Part I. FINANCIAL INFORMATION.

Item 1. Financial Statements

WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED BALANCE SHEETS

(Millions, except share amounts)	March 31, 2014	December 31, 2013
Assets	Unaudited	
Fixed maturity investments, at fair value	\$4,988.7	\$5,030.5
Short-term investments, at amortized cost (which approximates fair value)	674.0	635.9
Common equity securities, at fair value	1,174.6	1,156.8
Convertible fixed maturity investments, at fair value	73.8	80.5
Other long-term investments	302.3	288.9
Total investments	7,213.4	7,192.6
Cash (restricted: \$22.2 and \$56.1)	338.6	382.8
Reinsurance recoverable on unpaid losses	425.2	428.1
Reinsurance recoverable on paid losses	15.2	25.4
Insurance and reinsurance premiums receivable	734.8	518.9
Funds held by ceding companies	93.8	106.3
Investments in unconsolidated affiliates	373.3	321.4
Deferred acquisition costs	190.0	174.7
Deferred tax asset	484.9	512.1
Ceded unearned insurance and reinsurance premiums	149.5	92.4
Accrued investment income	37.0	39.3
Accounts receivable on unsettled investment sales	19.9	12.1
Other assets	537.7	458.1
Assets held for sale	1,803.1	1,880.1
Total assets	\$12,416.4	\$12,144.3
Liabilities		
Loss and loss adjustment expense reserves	\$3,048.4	\$3,079.3
Unearned insurance and reinsurance premiums	1,116.6	901.4
Variable annuity benefit guarantee	54.1	52.8
Debt	677.6	676.4
Deferred tax liability	353.9	356.2
Accrued incentive compensation	124.9	218.3
Ceded reinsurance payable	157.9	71.9
Funds held under insurance and reinsurance contracts	127.8	127.1
Accounts payable on unsettled investment purchases	80.9	20.5
Other liabilities	343.3	362.9
Liabilities held for sale	1,803.1	1,880.1
Total liabilities	7,888.5	7,746.9
Equity		
White Mountains's common shareholders' equity		
White Mountains's common shares at \$1 par value per share - authorized 50,000,000 shares;		
issued and outstanding 6,174,386 and 6,176,739 shares	6.2	6.2
Paid-in surplus	1,046.7	1,044.9
Retained earnings	2,880.8	2,802.3
Accumulated other comprehensive income (loss), after tax:		
Equity in net unrealized losses from investments in Symetra common shares	(3.9) (40.4
Net unrealized foreign currency translation gains	80.5	88.4

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Pension liability and other	4.2	4.1
Total White Mountains's common shareholders' equity	4,014.5	3,905.5
Non-controlling interests		
Non-controlling interest - OneBeacon Ltd.	279.2	273.7
Non-controlling interest - SIG Preference Shares	250.0	250.0
Non-controlling interest - HG Global	18.4	16.6
Non-controlling interest - BAM	(102.7) (97.6
Non-controlling interest - other	68.5)