

WHITE MOUNTAINS INSURANCE GROUP LTD

Form 10-Q

April 27, 2012

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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 March 31, 2012

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 April 26, 2012, 6,638,873 common shares with a par value of \$1.00 per share were outstanding (which includes 93,460 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 amounts) | March 31, 2012 Unaudited | December 31, 2011 |
|---|--------------------------------|----------------------|
| Assets | | |
| Fixed maturity investments, at fair value | \$ 5,411.3 | \$ 6,221.9 |
| Short-term investments, at amortized cost (which approximates fair value) | 877.5 | 846.0 |
| Common equity securities, at fair value | 868.7 | 755.0 |
| Convertible fixed maturity investments, at fair value | 152.8 | 143.8 |
| Other long-term investments | 306.7 | 301.3 |
| Total investments | 7,617.0 | 8,268.0 |
| Cash (restricted: \$360.1 and \$453.5) | 605.4 | 705.4 |
| Reinsurance recoverable on unpaid losses | 2,465.4 | 2,507.3 |
| Reinsurance recoverable on paid losses | 39.1 | 30.5 |
| Insurance and reinsurance premiums receivable | 737.3 | 489.2 |
| Funds held by ceding companies | 111.1 | 106.5 |
| Investments in unconsolidated affiliates | 294.9 | 275.3 |
| Deferred acquisition costs | 198.8 | 187.0 |
| Deferred tax asset | 524.7 | 536.9 |
| Ceded unearned insurance and reinsurance premiums | 145.5 | 87.3 |
| Accrued investment income | 52.0 | 51.4 |
| Accounts receivable on unsettled investment sales | 6.5 | 4.7 |
| Other assets | 580.9 | 681.9 |
| Assets held for sale | | 132.6 |
| Total assets | \$ 13,378.6 | \$ 14,064.0 |
| Liabilities | | |
| Loss and loss adjustment expense reserves | \$ 5,510.8 | \$ 5,702.3 |
| Unearned insurance and reinsurance premiums | 1,074.4 | 846.9 |
| Variable annuity benefit guarantee | 548.5 | 768.5 |
| Debt | 677.2 | 677.5 |
| Deferred tax liability | 384.1 | 365.5 |
| Accrued incentive compensation | 90.0 | 187.9 |
| Ceded reinsurance payable | 194.0 | 134.6 |
| Funds held under reinsurance treaties | 45.2 | 42.9 |
| Accounts payable on unsettled investment purchases | 103.5 | 34.6 |
| Other liabilities | 441.4 | 527.8 |
| Liabilities held for sale | | 107.6 |
| Total liabilities | 9,069.1 | 9,396.1 |
| Equity | | |
| White Mountains common shareholders equity | | |
| White Mountains common shares at \$1 par value per share - authorized 50,000,000 shares; issued and outstanding 6,638,873 and 7,577,855 shares | 6.6 | 7.6 |

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| | | |
|---|----------------|----------------|
| Paid-in surplus | 1,099.5 | 1,253.7 |
| Retained earnings | 2,553.7 | 2,789.7 |
| Accumulated other comprehensive income, after-tax: | | |
| Equity in net unrealized losses from investments in unconsolidated affiliates | (1.2) | |
| Net unrealized foreign currency translation gains | 69.4 | 46.1 |
| Pension liability and other | (9.2) | (9.4) |
| Total White Mountains common shareholders equity | 3,718.8 | 4,087.7 |
| Noncontrolling interests | | |
| Noncontrolling interest - OneBeacon Ltd. | 281.9 | 273.1 |
| Noncontrolling interest - SIG Preference Shares | 250.0 | 250.0 |
| Noncontrolling interest - other | 58.8 | |