WHITE MOUNTAINS INSURANCE GROUP LTD
Form DEFR14A
April 10, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

WHITE MOUNTAINS INSURANCE GROUP, LTD.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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White Mountains Insurance Group, Ltd. (the Company , Registrant or WTM) is an exempted Bermuda limited liability company whose principal businesses are conducted through its property and casualty insurance and reinsurance subsidiaries. Within this proxy statement, the term White Mountains is used to refer to one or more entities within the consolidated organization, as the context requires.

White Mountains property and casualty insurance and reinsurance operations principally include: (1) OneBeacon Insurance Group, Ltd. (OneBeacon or OB), a 75%-owned Bermuda-based company which, through its U.S.-based subsidiaries, offers a wide range of specialty property and casualty insurance products through independent agencies, regional and national brokers, wholesalers and managing general agencies; (2) Sirius International Insurance Group, Ltd. (Sirius Group), a wholly-owned Bermuda-based company, which provides insurance and reinsurance products for property, accident and health, aviation and space, trade credit, marine, agriculture and certain other exposures on a worldwide basis through its subsidiaries, Sirius International Insurance Corporation (Sirius International), Sirius America Insurance Company and Lloyd s Syndicate 1945; and (3) HG Global, Ltd., a Bermuda-domiciled company that, through its subsidiaries, reinsures Build America Mutual Assurance Company (BAM), a municipal bond insurer domiciled in New York that provides insurance on bonds issued to support essential U.S. public purposes, and provided the initial capitalization of BAM through the purchase of $503 million of BAM surplus notes. White Mountains invested assets are managed by White Mountains Advisors LLC (WM Advisors), the Company s wholly-owned investment management subsidiary. For additional information on our business segments, please refer to the Form 10-K for 2012 which can be found at *www.whitemountains.com*.

The 2013 Annual General Meeting will be confined to a Member vote on the proposals set forth in this Proxy Statement and on such other matters properly brought before the meeting.

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WHITE MOUNTAINS INSURANCE GROUP, LTD.

NOTICE OF 2013 ANNUAL GENERAL MEETING OF MEMBERS

TO BE HELD MAY 23, 2013

April 10, 2013

Notice is hereby given that the 2013 Annual General Meeting of Members of White Mountains Insurance Group, Ltd. will be held on Thursday, May 23, 2013 at 12:00 noon Atlantic Time at Tucker s Point Hotel, 60 Tucker s Point Drive, Hamilton Parish, Bermuda. At this meeting you will be asked to consider and vote upon the following proposals:

1) election of three of the Company s directors to Class I with a new term ending in 2016;

2) election of the Board of Directors of Sirius International Insurance Corporation, a wholly-owned reinsurance company organised under the laws of Sweden;

3) election of the Board of Directors of HG Re Ltd. (HG Re), a wholly-owned reinsurance company organised under the laws of Bermuda;

4) election of the Board of Directors of White Mountains Life Reinsurance (Bermuda) Ltd. (WMLRB), a wholly-owned reinsurance company organised under the laws of Bermuda;

5) election of the Board of Directors of White Shoals Re Ltd. (WSRe), a wholly-owned reinsurance company organised under the laws of Bermuda;

6) election of the Board of Directors of Star Re Ltd., a wholly-owned reinsurance company organised under the laws of Bermuda;

7) election of the Board of Directors of Sirius Capital Ltd. (SCL), a Lloyd s of London corporate member;

8) election of the Board of Directors of Split Rock Insurance, Ltd. (Split Rock), a reinsurance company wholly-owned by OneBeacon Insurance Group organised under the laws of Bermuda;

9) election of the Board of Directors of any new designated subsidiary;

10) approval of the advisory resolution on executive compensation;

11) approval of share inventory for, and performance criteria in, the Company s long-term incentive plan (LTIP);

12) approval of the appointment of PricewaterhouseCoopers LLP (PwC) as the Company s Independent Registered Public Accounting Firm for 2013.

The Company s audited financial statements for the year ended December 31, 2012, as approved by the Company s Board of Directors, will be presented at this Annual General Meeting.

Members of record of common shares on the record date, Monday, April 1, 2013, (1) who are individuals, may attend and vote at the meeting in person or by proxy or (2) that are corporations or other entities, may have their duly authorised representative attend and vote at the meeting in person or by proxy. A list of all Members entitled to vote at the meeting will be open for public examination during regular business hours beginning on or about April 15, 2013 at the Company s registered office located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

All Members are invited to attend this meeting.

By Order of the Board of Directors,

Jennifer L. Pitts
Corporate Secretary

Members are invited to complete and sign the accompanying proxy card to be returned to White Mountains Insurance Group, Ltd., c/o Computershare, P.O. Box 8069, Edison, New Jersey, 08818-8069, in the envelope provided, whether or not they expect to attend the meeting. Members may also vote their shares by telephone or via the internet in accordance with the instructions on your proxy card.

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WHITE MOUNTAINS INSURANCE GROUP, LTD.

PROXY STATEMENT

This Proxy Statement is being furnished in connection with the solicitation of proxies on behalf of the Company s Board of Directors (the Board) for the 2013 Annual General Meeting of Members (the 2013 Annual Meeting), to be held on Thursday, May 23, 2013 at Tucker s Point Hotel, 60 Tucker s Point Drive, Hamilton Parish, Bermuda. The solicitation of proxies will be made primarily by mail, and the Proxy Statement and related proxy materials will be distributed to registered Members on or about April 12, 2013.

Holders of the Company s common shares (Members), par value $1.00 per share, as of the close of business on Monday, April 1, 2013, the record date, are entitled to vote at the meeting.

You can ensure that your common shares are properly voted at the meeting by completing, signing, dating and returning the enclosed proxy card in the envelope provided. Members may also vote their shares by telephone or via the internet in accordance with the instructions on your proxy card. A Member has the right to appoint another person (who need not be a Member) to represent the Member at the meeting by completing an alternative form of proxy which can be obtained from the Corporate Secretary or by notifying the Inspectors of Election (see page 41). Every Member entitled to vote has the right to do so either in person or by one or more persons authorised by a written proxy executed by such Member and filed with the Corporate Secretary. Any proxy duly executed will continue in full force and effect unless revoked by the person executing it in writing or by the filing of a subsequent proxy.

Sending in a signed proxy will not affect your right to attend the meeting and vote. If a Member attends the meeting and votes in person, his or her signed proxy is considered revoked.

IMPORTANT VOTING INFORMATION

If you hold your shares through a broker, bank or other financial institution, in order for your vote to be counted on any matter other than Proposal 12 (the ratification of the selection of PwC as the Company s auditor for 2013), you must provide specific voting instructions to your broker, bank or financial institution by completing and returning the proxy card or following the instructions provided to you to vote your shares via telephone or the Internet. Voting deadlines vary by institution. Please check with your broker, bank or other financial institution for the voting cut-off date for WTM.

Your Participation in Voting the Shares You Own Is Important

Voting your shares is important to ensure that you have a say in the governance of your company. Please review the proxy materials and follow the instructions on the proxy card to vote your shares. We hope you will exercise your rights and fully participate in your company s future.

More Information Is Available

If you have any questions about this rule or the proxy voting process in general, please contact the broker, bank or other financial institution where you hold your shares. The U.S. Securities and Exchange Commission (SEC) has information available on the internet at: www.sec.gov/investor/alerts/votingrules2010.htm with more information about your voting rights as a shareholder.

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PROPOSAL 1 - ELECTION OF THE COMPANY S DIRECTORS

THE BOARD OF DIRECTORS

The Board is divided into three classes (each a Class). Each Class serves a three-year term.

At the 2013 Annual General Meeting, Messrs. Morgan W. Davis and Lowndes A. Smith and Ms. Edith E. Holiday are nominated to be elected to Class I with a term ending in 2016.

The Board recommends a vote FOR Proposal 1 which calls for the election of the 2013 nominees.

The current members of the Board and terms of each Class are set forth below:

Director	Age	Director since
Class I - Term ending in 2013*		
Morgan W. Davis	62	2006
Edith E. Holiday	61	2004
Lowndes A. Smith	73	2003
Class II - Term ending in 2014		
Raymond Barrette, Chairman	62	2006
Yves Brouillette	61	2007
John D. Gillespie	54	1999
Class III - Term ending in 2015		
Howard L. Clark, Jr.	69	1993
A. Michael Frinquelli	71	2005
Allan L. Waters	55	2005

* Nominated to be elected at the 2013 Annual Meeting to Class I with a term ending in 2016.

All three of the nominees for election at the 2013 Annual Meeting, Messrs. Davis and Smith and Ms. Holiday, were previously elected by Members.

The Board believes its members should have a diversity of skills and experience and be willing to devote adequate time and effort to Board responsibilities. In evaluating director candidates, the Nominating and Governance Committee evaluates attributes such as independence, integrity, expertise, breadth of experience, knowledge about the Company s business and industry, and ownership interest in the Company. Key aspects of the directors experiences, qualifications and skills are included in their individual biographies.

Class I - Term Ending in 2013 (up for re-election)

Morgan W. Davis has been a director of the Company since 2006. Mr. Davis was formerly a Managing Director of OneBeacon from 2001 to 2005 and served in a variety of capacities for subsidiaries of White Mountains from 1994 to 2001. Prior to joining the Company in 1994, Mr. Davis had 21 years of experience in the insurance business, mostly at Fireman s Fund Insurance Company and INA/Cigna. Mr. Davis also serves as a director of OneBeacon, Montpelier Re Holdings, Inspop USA LLC and Valen Technology, where he also serves as the Chairman of the Compensation Committee. Mr. Davis has extensive executive and board-level experience gained over the course of his almost forty-five-year career in the property and casualty insurance industry.

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Edith E. Holiday has been a director of the Company since 2004. Ms. Holiday formerly served as Operating Trustee for TWE Holdings I and II Trusts from 2002 to 2007. Ms. Holiday was also the President, Secretary and Treasurer of Comcast TW Holdings, Inc. from 2006-2007. From 1990 to 1993 Ms. Holiday served as Assistant to the President of the United States and Secretary of the Cabinet. From 1989 to 1990 she was General Counsel to the United States Treasury Department. Ms. Holiday also holds directorships at Canadian National Railway Company (since 2001), H. J. Heinz Company (since 1994), RTI International Metals, Inc. (since 1999), Hess Corporation (since 1993), where she also serves on the Audit Committee, and is a director or trustee of 42 investment companies in the Franklin Templeton Group of Mutual Funds (since 1996). Ms. Holiday has extensive board-level experience across diverse industries and significant experience with the U.S. Federal government.

Lowndes A. Smith has been a director of the Company since 2003. Mr. Smith has served as Managing Partner of Whittington Gray Associates since 2001. Mr. Smith formerly served as Vice Chairman of The Hartford Financial Services Group, Inc. (The Hartford) (1989-2001) and President and CEO of Hartford Life Insurance Company (1989-2001). Mr. Smith serves as Chairman of the Board and a member of the Compensation Committee of OneBeacon, and as Chairman of the Board and a member of the Audit, Compensation and Executive Committees of Symetra Financial Corporation. Mr. Smith is a director of 91 investment companies in the mutual funds of The Hartford (since 1990). Mr. Smith has more than 40 years of experience in the insurance industry as well as broad management and financial experience.

Class II - Term Ending in 2014

Raymond Barrette has served as Chairman and CEO of the Company since January 2007 and has been a director since August 2006. He previously served as a director of the Company (2000-2005), as President and CEO of the Company (2003-2005), as CEO of OneBeacon (2001-2002), as President of the Company (2000-2001) and as Executive Vice President and Chief Financial Officer of the Company (1997-2000). Prior to joining the Company in 1997, Mr. Barrette had 23 years of experience in the insurance business. Mr. Barrette is the Chairman of Sirius Group and a director of OneBeacon. Mr. Barrette also serves as a director of BAM. Mr. Barrette is an actuary and has significant experience in all facets of the property and casualty insurance industry.

Yves Brouillette has been a director of the Company since 2007. He has been the President of Beluca Investment, Inc. since 2005. Previously, Mr. Brouillette had been with ING since 1989, serving in many leadership positions at ING companies, including most recently as the CEO for ING Latin America operations in Mexico, Brazil, Chile and Peru (2002-2005). Mr. Brouillette is a director of Intact Financial Corporation (formerly ING Canada) and was its Chairman of the Board (2003-2007). Mr. Brouillette is an actuary and has over 30 years of experience in the property and casualty insurance industry in North and South America.

John D. Gillespie has been a director of the Company since 1999. Mr. Gillespie is the founder and Managing Member of Prospector Partners, LLC (Prospector) and has been the Chairman and President of Prospector Funds, Inc. since 2007 and a Director of Prospector Offshore Fund (Bermuda) Ltd. since 1997. Mr. Gillespie served as Chairman and President of WM Advisors (2003-2005), as a Managing Director of OneBeacon (2001-2003) and was a director of Symetra Financial Corporation (2004-2007). Mr. Gillespie also served as a director for Montpelier Re (2004-2005). Prior to forming Prospector, Mr. Gillespie was President of the T. Rowe Price Growth Stock Fund and the New Age Media Fund, Inc. Mr. Gillespie possesses extensive financial and investment experience.

Class III - Term Ending in 2015

Howard L. Clark, Jr. was a director of the Company (1986-1990), an advisor to the Board (1990-1993), and was re-elected as a director in 1993. From 2008 to 2011, Mr. Clark served as Vice Chairman at Barclays Capital, Inc. (Barclays). Prior to joining Barclays, Mr. Clark was Vice Chairman of Lehman Brothers, Inc., the broker/dealer subsidiary of Lehman Brothers Holdings (1993-2008), and Chairman and CEO of Shearson Lehman Brothers Holdings Inc. (1990-1993). Previously, Mr. Clark was Executive Vice President and Chief Financial Officer of the American Express Company. Mr. Clark is also a director of Mueller Water Products, Inc. (since 2006). Mr. Clark was a director of United Rentals, Inc. from 2004 until his retirement in 2012 and was a director of Walter Energy, Inc., formerly Walter Industries, Inc., from 1995 until his retirement earlier this year. Mr. Clark has extensive board-level experience across diverse industries and extensive executive experience in the financial services industry.

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A. Michael Frinquelli has been a director of the Company since June 2005. Mr. Frinquelli is co-founder and Manager of Renaissance Fund Advisors, Inc. Until 2004, Mr. Frinquelli was a general partner of Renaissance Executive Partners, which he co-founded in April 1997. Prior to that, he was a managing director at Merrill Lynch and a managing director at Salomon Brothers. Mr. Frinquelli also served as a director for Primus Financial Products, LLC, a wholly-owned subsidiary of Primus Guaranty, Ltd. from 2004 until 2010. Mr. Frinquelli is a Chartered Financial Analyst and has extensive insurance industry expertise, serving as an insurance industry equity analyst for almost 35 years.

Allan L. Waters was appointed President and CEO of Sirius International Insurance Group, Ltd. (formerly White Mountains Re) in March 2007. He served as a director of the Company from 2003 to 2004 and was re-elected as a director in 2005. Mr. Waters also serves as a director of BAM. Mr. Waters was the founder and Managing Member of Mulherrin Capital Advisors, LLC (1998-2007). Mr. Waters formerly served as Senior Vice President and Chief Financial Officer of the Company (1993-1997), as Vice President and Controller (1990-1993), as Vice President of Finance (1987-1990) and as Assistant Vice President of Finance (1985-1987). Mr. Waters possesses long-term knowledge of the Company and has significant executive and board-level experience in the property and casualty industry.

CORPORATE GOVERNANCE

Corporate governance is the system by which companies are directed and controlled and involves the distribution of rights and responsibilities among the Board, management and the Company s Members. The Company has established Corporate Governance Guidelines that spell out its overall approach towards corporate governance.

The Company also has a Code of Business Conduct that applies to all directors, officers and employees in carrying out their responsibilities to, and on behalf of, the Company. No waivers of the Code of Business Conduct were requested of, or granted by, the Board for any director or executive officer during 2012.

The Company s Corporate Governance Guidelines and Code of Business Conduct are available at our website, *www.whitemountains.com*. These documents are available in print, free of charge, to any Member upon request.

The Board

The day-to-day management of the Company, including preparation of financial statements and short-term and long-term strategic planning, is the responsibility of management. The primary responsibility of the Board is to oversee and review management s performance of these functions in order to advance the long-term interests of the Company and its Members.

In fulfilling this responsibility, directors must exercise common sense business judgment and act in what they reasonably believe to be in the best interests of the Company and its Members. Directors are entitled to rely on the honesty and integrity of senior management and the Company s outside advisors and auditors. However, it is the Board s responsibility to establish that they have a reasonable basis for such reliance by ensuring that they have a strong foundation for trusting the integrity, honesty and undivided loyalty of the senior management team upon whom they are relying and the independence and expertise of outside advisors and auditors.

Mr. Barrette serves as Chairman of the Board and as CEO of the Company. The Board believes that the most effective leadership structure for the Company at the present time is for Mr. Barrette to serve in both roles. As CEO, Mr. Barrette is effective at overseeing the complex, decentralized operations of the Company. By virtue of his broad knowledge of the insurance industry and his long experience and track record with the Company, the Board believes Mr. Barrette is best suited to preside over the Board and set its agendas. The Board is composed of directors that, together, are knowledgeable and experienced in the Company s business, and the Board is satisfied that the current structure provides strong oversight of the Company s affairs.

At meetings of the Board, Morgan W. Davis, the Deputy Chairman, presides over a separate session of non-management directors without Company management present.

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Director Independence

The Board has determined that a majority of the Company s current directors are independent, as defined in Section 303A of the New York Stock Exchange (NYSE) Listed Company Manual. Those directors determined to be independent are Messrs. Brouillette, Clark, Davis, Frinquelli and Smith and Ms. Holiday. For a director to be independent, the Board must determine that the director has no relationship with the Company (other than being a director or shareholder of the Company or its subsidiaries) or has only immaterial relationships with the Company. The Company does not apply categorical standards as a basis for determining director independence. Accordingly, the Board considers all relevant facts and circumstances, on a case-by-case basis, in making an independence determination.

The Board notes no current relationships (other than being directors or shareholders) with Messrs. Brouillette, Clark, Frinquelli and Smith or Ms. Holiday. The Board notes a relationship with Mr. Davis, as disclosed herein under Director Compensation , that it concluded was immaterial and did not impair his independence. In making its independence determinations, the Board considers all such relationships in light of NYSE standards as well as the attributes it believes should be possessed by independent-minded directors. Those attributes include the relative impact of the transactions to the director s personal finances, the perceived degree of dependence by the director or the Company upon the relationship or transactions continuing in the future and whether the transactions were on terms that were reasonable and competitive.

Board Meetings and Committees; Annual Meeting Attendance

During 2012, the following meetings of the Board were held: five meetings of the full Board, ten meetings of the Audit Committee, five meetings of the Compensation Committee, two meetings of the Nominating and Governance Committee, and two meetings of the Finance Committee. During 2012, each director attended more than 75% of the aggregate of: (1) the total number of meetings of the Board (held during the period for which he or she has been a director); and (2) the total number of meetings held by all committees of the Board on which he or she served. It is WTM practice that all directors are invited to and generally attend all Committee meetings. In addition, each Committee Chair provides regular updates to the Board regarding Committee activities.

Directors are encouraged, but are not required, to attend annual meetings. All of the Company s directors were in attendance at the 2012 Annual General Meeting, which was held on May 24, 2012.

Committees of the Board

Nominating and Governance Committee

The primary purposes of the Nominating and Governance Committee are to: (1) identify individuals qualified to become Board members and recommend such individuals to the Board for nomination for election to the Board; (2) make recommendations to the Board concerning committee appointments; (3) develop, recommend and annually review corporate governance guidelines applicable to the Company and oversee corporate governance matters and (4) oversee the evaluation of the Board and management.

The Nominating and Governance Committee is currently comprised of Messrs. Clark (as Chairman), Brouillette and Davis and Ms. Holiday. The Board has determined that each current member of the Nominating and Governance Committee satisfies applicable NYSE requirements.

The Nominating and Governance Committee Charter, which outlines the duties and responsibilities of the Nominating and Governance Committee, is available at *www.whitemountains.com*. The Nominating and Governance Committee Charter is available in print, free of charge, to any Member upon request.

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General Criteria and Process for Selection of Director Candidates. In identifying and evaluating director candidates, the Nominating and Governance Committee does not set specific criteria for directors. Under its charter, the Committee is responsible for determining desired Board skills and evaluating attributes such as independence, integrity, expertise, breadth of experience, knowledge about the Company s business or industry and ownership interest in the Company. In selecting director candidates, the Company seeks a diversity of skills and experience, but does not affirmatively seek diversity based on race, gender, or national origin. Directors must be willing to devote adequate time and effort to Board responsibilities. As set forth in the Company s Corporate Governance Guidelines and its Charter, the Committee is responsible for recommending director candidates to the Board.

Consideration of Director Candidates Nominated by Members. The Company has not adopted a specific policy regarding consideration of director candidates from Members. Members who wish to recommend candidates for consideration by the Committee may submit their nominations in writing to the Corporate Secretary at the address provided in this Proxy Statement. The Committee may consider such Member recommendations when it evaluates and recommends candidates to the Board for submission to Members at each annual general meeting. In addition, Members may nominate director candidates for election without consideration by the Committee by complying with the eligibility, advance notice and other provisions of our Bye-laws as described below.

Procedures for Nominating Director Candidates. Under the Company s Bye-laws, nominations for the election of directors may be made by the Board or by any Member entitled to vote for the election of directors (a Qualified Member). A Qualified Member may nominate persons for election as directors only if written notice of such Qualified Member s intent to make such nomination is delivered to the Secretary not later than: (1) with respect to an election to be held at an annual general meeting, 90 days prior to the anniversary date of the immediately preceding annual general meeting or not later than 10 days after notice or public disclosure of the date of the annual general meeting is given or made available to Qualified Members, whichever date is earlier, and (2) with respect to an election to be held at a special general meeting for the election of directors, the close of business on the seventh day following the date on which notice of such meeting is first given to Qualified Members. Each such notice shall set forth: (a) the name and address of the Qualified Member who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the Qualified Member is a holder of record of common shares entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the Qualified Member and each such candidate and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the Qualified Member; (d) such other information regarding each candidate proposed by such Qualified Member as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had each such candidate been nominated, or intended to be nominated, by the Board; and (e) the consent of each such candidate to serve as a director of the Company if so elected.

Audit Committee

The primary purposes of the Audit Committee are to: (1) assist with Board oversight of: the integrity of the Company s financial statements; the qualifications and independence of the independent auditors; the performance of the internal audit function and the independent auditors; and the Company s compliance with legal and regulatory requirements; (2) provide an avenue of communication among the independent auditors, management, the internal auditors and the Board; (3) approve certain related or affiliated person transactions and review disclosures thereof and (4) prepare the Audit Committee Report (which appears on page 31). In addition, with respect to risk management, the Committee discusses with management the Company s policies with respect to risk assessment and risk management, including the Company s major financial risk exposures and the steps management has taken to monitor and control those exposures.

The Audit Committee is comprised of Messrs. Smith (as Chairman), Brouillette and Frinquelli and Ms. Holiday. The Board has determined that, of the persons on the Audit Committee, at a minimum Mr. Smith meets the requirements of being an Audit Committee Financial Expert as defined in Item 407(d) of Regulation S-K of the Securities Exchange Act of 1934, as amended (the Exchange Act). The Board has also determined that each current member of the Audit Committee satisfies applicable NYSE requirements as well as the separate independence standards set forth by the SEC.

The Audit Committee Charter, which outlines the duties and responsibilities of the Audit Committee, is available at *www.whitemountains.com*. The Audit Committee Charter is available in print, free of charge, to any Member upon request.

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Compensation Committee

The primary purposes of the Compensation Committee are to: (1) review and make recommendations on director compensation; (2) discharge the Board s responsibilities relating to the compensation of executives; (3) oversee the administration of the Company s compensation plans (and, to the extent the Compensation Committee deems appropriate, the plans of the Company s major subsidiaries), in particular the incentive compensation and equity-based plans and (4) review and discuss the Compensation Discussion and Analysis with management and prepare the Compensation Committee Report (which appears on page 19).

The Compensation Committee is currently comprised of Messrs. Davis (as Chairman), Frinquelli and Smith and Ms. Holiday. The Board has determined that each current member of the Compensation Committee satisfies applicable NYSE requirements.

The Compensation Committee Charter, which outlines the duties and responsibilities of the Compensation Committee, is available at *www.whitemountains.com*. The Compensation Committee Charter is available in print, free of charge, to any Member upon request.

Performance Compensation Subcommittee

In February 2013, the Compensation Committee formed the Performance Compensation Subcommittee. The Committee delegated to the Subcommittee review and approval of performance-based compensation in order to comply with Internal Revenue Code Section 162(m), (Section 162(m)).

The Performance Compensation Subcommittee is comprised of Messrs. Smith and Frinquelli and Ms. Holiday.

Interlocks and Insider Participation

No member of the Compensation Committee or the Performance Compensation Subcommittee was an employee of the Registrant during the last fiscal year or has served as an officer of the Registrant.

Finance Committee

The primary purposes of the Finance Committee are to: (1) formulate the Company s (including OneBeacon s) investment policy and investment guidelines; (2) review the performance and asset allocation of the Company s (including OneBeacon s) investment portfolio on a regular basis and (3) monitor the capital, debt, and corporate structure of the Company (including OneBeacon) and, in coordination with the Audit Committee, review the adequacy of risk management, including with respect to new business opportunities outside of traditional property and casualty insurance and reinsurance. The Finance Committee is currently comprised of Messrs. Frinquelli (as Chairman), Barrette, Brouillette, Gillespie and Smith.

Risk Oversight

The Board, directly and through its Committees, plays an active role in the oversight of the Company s risk management. The subject of risk management is a recurring agenda item, for which the Board regularly receives reports from management on capital, investments, and operations, including the risks associated with each and the steps management is taking to manage those risks. The Board also discusses with management the Company s business strategy, risk appetite and appropriate levels of risk.

The Board s committees are assigned oversight responsibility for particular areas of risk. For example, the Audit Committee receives a report, at least annually, on company-wide risks which encompass operational, financial, legal, compliance and reputational risks. The Compensation Committee oversees risk related to executive compensation plans and implementation. The Finance Committee oversees the risks related to managing the Company s investment portfolio.

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Shareholder Communications

Members, employees and others interested in communicating directly with the Board, any of the Board s Committees or any individual member of the Board should write to the addressee, c/o the Corporate Secretary, at the address presented under Available Information (which appears on page 42).

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Voting Rights of Members

As of April 1, 2013, there were 6,176,210 common shares outstanding. Members of record of common shares shall be entitled to one vote per common share, provided that if, and so long as, the votes conferred by Controlled common shares (as defined below) of any person constitute ten percent (10%) or more of the votes conferred by the outstanding common shares of the Company, each outstanding common share comprised in such Controlled common shares shall confer only a fraction of a vote that would otherwise be applicable according to the following formula:

[(T divided by 10)-1] divided by C

Where: T is the aggregate number of votes conferred by all the outstanding common shares; and C is the number of votes conferred by the Controlled common shares of such person.

Controlled common shares in reference to any person means:

(1) all common shares directly, indirectly, or constructively owned by such person within the meaning of Section 958 of the Internal Revenue Code of 1986, as amended, of the United States; and

(2) all common shares directly, indirectly, or constructively owned by any person or group of persons within the meaning of Section 13(d)(3) of the Exchange Act and the rules and regulations promulgated thereunder; provided that this clause (ii) shall not apply to (a) any person (or any group that includes any person) that has been exempted from the provisions of this clause or (b) any person or group that the Board, by the affirmative vote of at least seventy-five percent (75%) of the entire Board, may exempt from the provisions of this clause.

The limitations set forth above do not apply to any Member which is a Byrne Entity (as defined below) for any matter submitted to the vote of Members, except with respect to the election of directors. Byrne Entity means any of John J. Byrne, any foundation or trust established by John J. Byrne, Patrick Byrne, and any associate or affiliate of any of them (or any group of which any of them is a part), as defined under Section 13(d) of the United States Securities Exchange Act of 1934, as amended.

If, as a result of giving effect to the foregoing provisions or otherwise, the votes conferred by the Controlled common shares of any person would otherwise represent 10% or more of the votes conferred by all the outstanding common shares, the votes conferred by the Controlled common shares of such person shall be reduced in accordance with the foregoing provisions. Such process shall be repeated until the votes conferred by the Controlled common shares of each person represent less than 10% of the votes conferred by all common shares.

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Security Ownership of Certain Beneficial Owners

To the knowledge of the Company, there was no person or entity beneficially owning more than 5% of the common shares outstanding as of April 1, 2013, except as shown below.

Name and Address of Beneficial Owner	Amount of Beneficial Ownership		Percent of Class
Franklin Mutual Advisers, LLC 101 JFK Parkway, Short Hills, NJ 07078	1,456,457	(a)	23.6 %
The Byrne Grantor Retained Annuity Trusts P.O. Box 599, Etna, NH 03750	428,500	(b)	6.9 %
T. Rowe Price Associates, Inc. P.O. Box 17630, Baltimore, MD 21297-1630	315,627	(c)	5.1 %

(a) Franklin Mutual Advisers, LLC has advised the Company that the common shares it is reported to beneficially own were acquired for investment purposes on behalf of client investment advisory accounts.

(b) The Byrne Grantor Retained Annuity Trusts (GRATS) includes two GRATS that were established in 2011. GRAT I contains 160,103 WTM common shares and GRAT II contains 268,397 WTM common shares. Messrs. Robert Snyder and Daniel Mosley share dispositive and voting power over the GRATS.

(c) T. Rowe Price Associates, Inc. has advised the Company that the common shares it is reported to beneficially own were acquired for investment purposes on behalf of client investment advisory accounts.

Security Ownership of Management

The following table sets forth, as of April 1, 2013, beneficial ownership of common shares by each director, the Named Executive Officers (as defined on page 20) and all other executive officers as a group:

	Amount of Ownership	
Name of Beneficial Owner	Beneficially (a)	Economically (b)
Raymond Barrette	210,176 (c)	200,454
Yves Brouillette	4,645	4,645
Howard L. Clark, Jr.	970	1,174
Morgan W. Davis	21,890	21,890

David T. Foy	24,582	35,957
A. Michael Frinquelli	1,641	1,641
John D. Gillespie	52,639 (d)	75,889
Edith E. Holiday	1,002	1,002
T. Michael Miller	5	5
G. Manning Rountree	10,604	18,154
Lowndes A. Smith	1,802	1,802
Allan L. Waters	18,605	23,075
All directors, Named Executive Officers and all other executive officers as a group (16 persons)	393,393	452,545

(a) The common shares shown as beneficially owned by (1) Mr. Barrette and (2) all directors, Named Executive Officers and all other executive officers as a group represent 3.4% and 6.4% of the total common shares outstanding at April 1, 2013, respectively. No other director or executive officer beneficially owned 1% or more of the total common shares outstanding at that date. Beneficial ownership has been determined in accordance with Rule 13d-3 of the Exchange Act. Mr. Davis has pledged the assets of certain brokerage accounts, including 15,250 WTM common shares, as collateral for a credit line of up to $5 million. As of April 1, 2013, the line of credit was undrawn.

(b) Common shares shown as economically owned (1) include common shares beneficially owned, target unearned performance share awards and deferred compensation phantom share balances, (2) exclude, in the case of Mr. Barrette, common shares in which he has no pecuniary interest and (3) include, in the case of Mr. Gillespie, performance shares granted to Prospector, of which Mr. Gillespie is the Managing Member.

(c) Of the 210,176 common shares which are beneficially owned by Mr. Barrette, (1) 10,000 represent unvested restricted shares granted to Mr. Barrette by the Company in January 2007, (2) 125,000 represent vested but unexercised stock options and (3) 21,722 represent common shares owned by trusts or charitable foundations in which Mr. Barrette has no pecuniary interest but over which Mr. Barrette retains both voting and dispositive power. The remaining shares represent common shares over which Mr. Barrette or his wife has both voting and dispositive power.

(d) Includes 50,000 common shares owned by various funds of Prospector in which Mr. Gillespie is either general manager or investment manager; Mr. Gillespie s pecuniary interest in such shares is limited to his economic interests in the Prospector funds.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Philosophy

Our executive compensation policies are designed with the primary goal of maximizing shareholder value over long periods of time. We believe that this goal is best pursued by utilizing a pay-for-performance program that closely aligns the financial interests of management with those of our shareholders and encourages appropriate risk taking. We accomplish this by emphasizing variable long-term compensation, the value of which is tied to performance over a number of years rather than entitlements (such as base salary, pensions and employee benefits). To that end, the Compensation Committee (the Committee) has established base salaries and target annual bonuses for our executives that tend to be lower than those paid by comparable property and casualty insurers and reinsurers, while granting the bulk of an executive s target compensation as long-term incentive compensation.

We generally have structured our long-term incentive compensation as performance shares, restricted shares or performance units. At our parent company, long-term incentive compensation is typically in the form of WTM performance shares and restricted shares, which reward company-wide performance. The number of WTM common shares earned from a grant of performance shares, which can be from 0x to 2x the target number granted, is tied to our after-tax annual growth in intrinsic business value per share (as defined by the Committee) over the performance cycle. The market value of our shares is not included as a measure of performance but it determines the value of performance and restricted share awards. In general, no performance shares are earned if annual growth in intrinsic business value per share is less than the risk-free rate and 200% are earned if performance exceeds the risk-free rate by twice the target spread. We use linear interpolation to determine the payout percentage for results in between. Performance shares, restricted shares and/or performance units are typically granted annually, and performance is tied to a three-year period. Under our long-term incentive programs, at any given time an executive usually has three overlapping cycles running. This approach avoids cliffs that could foster a short-term outlook and also serves as an effective retention tool.

In the case of our Chairman & CEO, Mr. Barrette, to induce him to rejoin the Company and to incent him as an owner, in January 2007 he was granted a package of 200,000 out-of-the-money, escalating strike price options and 35,000 restricted shares, each of which vested in annual installments over five years. Mr. Barrette also received a tranche of 15,000 restricted shares that were structured to vest in the event of a change in control prior to January 20, 2012. In 2010, shareholders approved modifications to Mr. Barrette s options, which included fixing the exercise price at $742 per share and reducing the number to 125,000. In conjunction with those changes, the Compensation Committee amended the vesting terms of the tranche of 15,000 restricted shares so that those shares time vest in three equal annual installments beginning on January 20, 2013. Mr. Barrette currently has options to purchase 125,000 shares exercisable until January 20, 2017. For the 2013-2015 cycle, the Committee began granting Mr. Barrette performance shares, as discussed below.

Generally, the performance target for a 100% payout of performance shares has been set at 700 basis points above the risk-free rate, with the Committee often adjusting the target up or down to reflect prevailing circumstances at the time of grant. To establish the risk-free rate, the Committee typically looks to the yield on the 10-year treasury at the beginning of the performance cycle. In the last two years, we have set the target at roughly 600 basis points above the risk-free rate to reflect the persistent low interest rate environment and the large amount of our capital that is undeployed.

Following OneBeacon s initial public offering in November 2006, its long-term compensation was structured primarily in the form of OneBeacon performance shares, which reward OneBeacon s overall performance. Beginning with the 2009-2011 performance cycle, OneBeacon s long-term incentives were re-designed with the CEO and CFO receiving half in the form of performance units that are tied to underwriting performance and half in OneBeacon performance shares. Other OneBeacon executives receive a greater proportion or all of their long-term incentives in performance units or in long-term cash awards that are tied to the results of OneBeacon s specialty business as a whole and the executive s individual business unit. The number of OneBeacon common shares earned from a performance share grant, which can be from 0x to 2x the target number granted, is tied to OneBeacon s after-tax annual growth in book value per share over the performance cycle. The payout earned from a OneBeacon performance unit grant, which also can be from 0x to 2x the target number granted, is tied to OneBeacon s adjusted economic combined ratio over the performance cycle.

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At Sirius Group, long-term incentive compensation is typically in the form of performance units that reward Sirius group-wide performance. The number of units earned at the end of the performance cycle is tied to those elements of performance for which the Sirius Group s management has primary responsibility. As an example, because the parent company keeps responsibility for investing Sirius assets, in calculating performance it is credited with a standard return on its investible assets. The number of units earned can be from 0x to 2x the target number granted. In addition, for its most senior executives, in order to better align their interests with those of our shareholders, we typically denominate a portion of their long-term incentives in WTM performance shares and/or restricted shares.

Our long-term incentive compensation programs are designed to share with management a portion of the value added above a risk-free return on our shareholders equity. We take this approach because producing a rate of return equal to a risk-free rate does not add value to the capital owners put in the business our shareholders would be better off putting their money in U.S. treasuries and avoiding entirely the risk of owning a portion of a business. We have generally targeted sharing 13% to 17%. For the 2013-2015 cycle, we increased the sharing at target to 20%. This was driven by the significant reduction in our capital due the repurchase of 30% of our outstanding shares since 2010 and the new performance share grant made to our CEO. The Committee believes that this level of sharing is appropriate because we compete with private equity and hedge funds for talent and investment opportunities where such sharing is common, the Company s value adding opportunities are not limited to the Company s current level of capital, and we want to maintain proper incentives for further share buybacks at value adding prices.

The Committee closely monitors both target and actual value sharing. From year-to-year when we make new long-term incentive grants, we typically adjust the target number of shares granted to individual employees to reflect the Committee s assessment of the per share value of the Company. In addition, we generally limit total annual share grants to employees to less than 1% of the Company s outstanding shares. For the 2013-2015 cycle, we granted slightly in excess of 1% of the outstanding shares, reflecting Mr. Barrette s grant.

When making new grants, the Committee assesses the impact of different performance scenarios on the potential sharing percentage. Further, in order to test our beliefs about the size of the awards we make and their variability, annually the Committee has reviewed and considered a systematic analysis prepared by management of the public disclosures about compensation made by other property and casualty insurers and reinsurers and of the amount and variability of compensation at those companies at differing levels of performance. These analyses have supported the Committee s view that our compensation programs are appropriately sized and more variable than most other insurers and reinsurers, have fewer fixed elements of compensation and perquisites, and do not lead to significant rewards for poor performance as can happen with long-term options granted with a fixed exercise price equal to the market price on the date of grant.

The Committee believes that the compensation structures that have been developed for the Company and its subsidiaries closely align the financial interests of management with those of our shareholders and encourage appropriate, but not excessive, risk taking. In the case of Sirius Group, given its exposure to catastrophic events, beginning in 2008 we implemented a catastrophe spreading mechanism with respect to both its performance units and annual bonus. This mechanism ensures that Sirius Group is charged with at least 50% of its expected annual catastrophe losses whether or not any catastrophe losses are actually incurred. Through this mechanism and Sirius Group s management of its aggregate exposure to very large catastrophic events, the Company s management and the Committee believe that Sirius Group s incentive plans are appropriate and do not encourage excessive risk taking.

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Our Compensation Process

The Committee is responsible for approving our compensation practices that affect executive officers, and it specifically approves all compensation for our executive officers and for any employee with target annual compensation in excess of $1.5 million. Our CEO annually presents the Committee with his evaluation of our executives, their individual performances, responsibilities, and the contributions they made to the Company s accomplishments over the past year, as well as over the last long-term incentive plan cycle and his expectations for the future and succession plans. In connection with this evaluation, the CEO presents the Committee with his recommendations for establishing the compensation for these executives for its consideration. The Committee assesses the performance, responsibilities, and contributions of the CEO, considers CEO succession plans, and sets the compensation of the CEO.

With the exception of significant promotions and new hires, compensation matters are usually addressed at the first meeting of the Committee each year (typically late February) following the availability of financial results for the prior year and the current year s financial plan. This allows us to determine the results of prior period grants and to set targets for the current year and newest long-term performance cycle. Performance cycles for long-term compensation typically run for three years beginning on January 1st of the year of grant.

In 2013, because Mr. Davis, the Chairman of the Committee, did not satisfy certain requirements of Section 162(m) to be considered an outside director for purposes of that rule, the Committee formed the Performance Compensation Subcommittee (the Subcommittee) comprised of the other members of the Committee, each of whom met the requirements to be considered an outside director for purposes of Section 162(m). The Subcommittee administers and approves all performance-based compensation awards in order to maintain favorable tax treatment of such awards.

Following the OneBeacon initial public offering (the OB IPO) in November 2006, the Committee determined that it would fully delegate to the OneBeacon Compensation Committee (the OneBeacon Committee) authority for the compensation of OneBeacon s officers, including those who might be Named Executive Officers of the Company. Accordingly, compensation actions for OneBeacon personnel following the date of the OB IPO (including new annual and long-term incentives and approval of payouts on existing annual and long-term incentives) have been taken by the OneBeacon Committee (which is currently comprised of Lowndes Smith (Chair), Lois Grady and Kent Urness, who are independent directors of OneBeacon, and Mr. Barrette) and, to the extent necessary to comply with applicable regulations, a subcommittee that excludes Mr. Barrette.

Compensation for 2012

The principal elements of compensation for our executives are long-term incentive compensation, base salary, and annual incentive bonuses.

Long-Term Incentive Compensation

CEO. Mr. Barrette received no new long-term incentive grants in 2012.

Named Executive Officers. In the case of Messrs. Foy, Rountree and Waters, in determining the amount of new long-term incentive compensation grants for 2012, the Committee assessed each executive s scope of authority and ability to impact the success of the Company. Based on the Committee s general experience and the recommendation of the CEO, the Committee established a grant level that it believed was appropriate to reflect each such executive s expected contribution to the Company over the next performance cycle. Mr. Miller s level of compensation was established by the OneBeacon Committee.

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For each Named Executive Officer recipient of a WTM performance share grant for the 2012-2014 performance cycle, the Committee established 8% annual growth in intrinsic business value per share as the performance target that would result in a payout of 100% of the target shares. Annual growth of 2% or less would result in a payout of 0% and annual growth of 14% or more would result in a payout of 200%. The targets were consistent with the Company s compensation philosophy described above as the yield on the 10-year treasury at the beginning of 2012 was a bit under 2%. To measure growth in intrinsic business value per share, the Committee looks to growth in economic value per share (weighted 50%) and growth in adjusted GAAP book value per share (weighted 50%), in each case including dividends.

In total, the WTM performance share and restricted share grants made to all employees of the Company for the 2012-2014 performance cycle totaled approximately 0.7% of the then outstanding shares, within the Committee s 1% guideline.

In addition, with respect to the 2010-2012 performance cycle which matured at the end of 2012, 11% annual growth in intrinsic business value per share (GIBVPS) was the performance target for a payout of 100% of the target shares. Annual growth of 4% or less would have resulted in a payout of 0% and annual growth of 18% or more would have resulted in a payout of 200%. At its meeting in February 2013, based on an average annual GIBVPS of 10.9%, the Subcommittee confirmed that the payout that was earned was 98% of target.

David Foy. Mr. Foy has been the CFO of the Company since 2003. For the 2010-2012 cycle, Mr. Foy had been granted 5,850 target performance shares and 3,150 restricted shares. Based on the Company s performance over the cycle, he earned 5,733 performance shares. The restricted shares vested on December 31, 2012.

For the performance cycle from 2012-2014, Mr. Foy was granted 3,750 WTM performance shares and 3,750 restricted shares. The grant date market value was approximately $3.6 million. The number of performance shares that will be earned will be determined after the end of 2014 based on the Company s performance over the cycle compared to the target described above. The restricted shares will vest on January 1, 2015, subject to Mr. Foy s continued employment.

G. Manning Rountree. Mr. Rountree is a Managing Director of White Mountains Capital and the President of White Mountains Advisors. He joined the Company in 2004. For the 2010-2012 cycle, Mr. Rountree had been granted 3,900 target performance shares and 2,100 restricted shares. Based on the Company s performance over the cycle, he earned 3,822 performance shares. The restricted shares vested on December 31, 2012.

For the performance cycle from 2012-2014, Mr. Rountree was granted 2,500 WTM performance shares and 2,500 restricted shares. The grant date market value was approximately $2.4 million. The number of performance shares that will be earned will be determined after the end of 2014 based on the Company s performance over the cycle compared to the target described above. The restricted shares will vest on January 1, 2015, subject to Mr. Rountree s continued employment.

Allan Waters. Mr. Waters has been the CEO of Sirius Group since 2007. In addition, from time to time Mr. Waters takes on responsibility for certain projects at the Company. For the 2010-2012 cycle, Mr. Waters had been granted 2,275 target performance shares and 1,225 restricted shares. Based on the Company s performance over the cycle, he earned 2,230 performance shares. The restricted shares vested on December 31, 2012. Based on Sirius Group s performance for the 2010-2012 performance cycle, which was an annualized after-tax, levered underwriting return on deployed capital (UROC) of 11.1%, Mr. Waters received a payout of 87.5% of the Sirius Group units granted to him at a value of $1,372 per unit, which equaled approximately $3.1 million.

For the performance cycle from 2012-2014, Mr. Waters was granted 2,638 Sirius Group performance units, 1,485 WTM performance shares and 1,485 restricted shares. The grant date value was approximately $4.1 million. The performance target for the Sirius Group units is an annual 10% UROC, with a UROC of 3% or less resulting on no payout and a UROC of 17% or more resulting in a 200% payout. The number of performance shares and units that will be earned will be determined after the end of 2014 based, respectively, on the Company s and Sirius Group s performance over the cycle compared to the targets described above. The restricted shares will vest on January 1, 2015, subject to Mr. Waters continued employment.

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T. Michael Miller. Mr. Miller has been the CEO of OneBeacon since 2005. Based on average annual growth in OneBeacon s book value per share (OB GBVPS) of 3.9% over the 2010-2012 performance cycle, the OneBeacon Committee approved no payout of the OneBeacon performance shares originally granted. In addition, based on OneBeacon s 98.3% adjusted economic combined ratio for the 2010-2012 performance cycle compared to a 95% target, Mr. Miller received a payout of 24.5% of the OneBeacon performance units granted to him, which equaled approximately $0.6 million. In addition, the OneBeacon Committee authorized the payment to him of a discretionary bonus of $3 million in recognition of his successful transformation of OneBeacon into a specialty company.

For the performance cycle from 2012-2014, the OneBeacon Committee granted Mr. Miller 22,500 OneBeacon performance units and 88,830 OneBeacon performance shares. The grant date value was approximately $3.6 million. The number of performance shares granted reflected a reduction of 35,000 in light of the restricted share grant he received in 2011. The number of performance units and performance shares that will be earned will be determined after the end of 2014 based on OneBeacon s performance over the cycle compared to the targets described below. The performance target for the performance units is 93.7% average adjusted combined ratio, with a combined ratio of 97.7% or more resulting in no payout and a combined ratio of 89.7% or less resulting in a 200% payout. The OneBeacon performance units have a fixed value of $100 per unit. For the performance shares, the OneBeacon Committee set 10% annual growth in book value per share as target performance, with a range of 3% to 17%.

Base Salary

We pay our executive officers salaries that we believe to be below-market. In 2008, we limited base salaries to a maximum of $500,000. Each of our Named Executive Officers receives a salary of $500,000, other than Mr. Rountree, who receives a salary of $450,000.

Annual Incentive Bonuses

We provide annual bonus opportunities to our executive officers. Each Named Executive Officer participates in the annual bonus pool of his respective business unit. The aggregate bonus pool size for each business unit could range from 0% to 200% of target, depending upon performance. Individual bonuses can vary widely around the pool average based on individual performance and no cap (other than the size of the pool) applies to any single individual. Typically, the head of a business unit receives the average bonus percentage applicable to his business unit.

For the Named Executive Officers at the WTM level (Messrs. Barrette, Foy and Rountree), the Committee established target annual bonuses of 75% of salary for 2012, which was the same as for 2011.

For Messrs. Barrette, Foy and Rountree, their annual incentive bonuses are designed to reward company-wide performance. Based on the Company s performance in 2012, the Committee awarded a bonus pool of 152% of target taking into account the Company s 9% growth in adjusted book value per share, 10% growth in economic value per share, and its performance in achieving qualitative objectives over the course of the year. These qualitative objectives included avoiding big mistakes in uncertain

investment markets, developing specialty platforms and rationalizing capital and structure at OneBeacon, maintaining a disciplined reinsurance operation, and actively pursuing attractive opportunities while maintaining plenty of financial flexibility. Among the items considered by the Committee were the creation and funding of BAM/HG Global, the agreement to sell OneBeacon s runoff, sizable share buybacks at attractive prices, and good capital management to protect the value of our foreign tax assets.
Messrs. Barrette, Foy and Rountree received bonuses of $562,500, $562,500 and $700,000, which represented 150%, 150% and 207% of target.

For our operating subsidiaries (including for our Named Executive Officers at operating subsidiaries), we design our annual incentives to reward performance of the applicable subsidiary operating group. Messrs. Waters and Miller, who participate in the Sirius Group and OneBeacon bonus pools, respectively, have annual bonus targets equal to 50% and 75% of base salary.

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For Sirius Group, including for Mr. Waters, the performance objective was the UROC. Based on a UROC of 13.2% compared to the target of 10%, the indicated bonus pool was 146% of target. Given excellent work by the Sirius team on initiatives that did not have an immediate financial impact, the Committee awarded a bonus pool of 150% of target. As CEO, Mr. Waters received the pool average of 150%, or $375,000.

For OneBeacon, including for Mr. Miller, the primary performance objective required to achieve a bonus pool of 100% of target was the achievement of a combined ratio of 93.7% or better. OneBeacon s actual combined ratio was 98.2%. Other performance goals included optimizing capital management, aggressively managing its runoff operations and positioning itself for the most optimal long-term outcome related to the runoff business, managing expenses in conjunction with its changing earned premium levels, exploring options for establishing an international platform, and determining and executing against a comprehensive information technology plan. Based on its assessment of OneBeacon s overall performance in 2012, the OneBeacon Committee established a bonus pool of 60% of target. It awarded Mr. Miller a cash bonus of $225,000, which equaled 60% of target.

2013 Compensation Actions

New Long-term Incentive Grants and Annual Bonus Targets

In February 2013, the Committee, the Subcommittee and the OneBeacon Committee, as applicable, made new long-term incentive grants to and established annual bonus target levels for the Named Executive Officers based on the same factors described above with respect to grants made in 2012.

The new long-term incentive grants for White Mountains executives (other than Mr. Barrette and operating company executives) were allocated 50% as performance shares and 50% as restricted shares, which was the same allocation as in 2012.

In the case of Mr. Barrette, after reviewing his historical compensation, his current share ownership, his existing incentives, compensation granted to CEOs at other property and casualty (re)insurance companies and the Company s performance since Mr. Barrette re-joined in 2007, the Subcommittee determined to grant him 12,000 performance shares for the 2013-2015 performance cycle. We believe that an annual grant of performance shares to Mr. Barrette is the appropriate way to secure his continued employment with the Company and to reward him for performance going forward.

For each Named Executive Officer recipient of a WTM performance share grant for the 2013-2015 performance cycle, the Committee established 8% annual growth in intrinsic business value per share as the performance target that would result in a payout of 100% of the target shares. Annual growth of 2% or less would result in a payout of 0% and annual growth of 14% or more would result in a payout of 200%. To measure growth in intrinsic business value per share, the Committee looks to growth in economic value per share (weighted 50%) and growth in adjusted GAAP book value per share (weighted 50%), in each case including dividends. The yield on the 10-year Treasury at the beginning of 2013 was about 1.8%. In setting the target at 8%, which equaled the yield on the 10-year Treasury + roughly 600 basis points, the Committee considered many factors including its typical practice of adding roughly 700 basis points to the yield as well as the historically low interest rate environment. In addition, the Committee considered the impact of the Company s undeployed capital on expected returns. The Committee determined that 8% was an appropriate target that properly balanced the competing demands of effectively deploying capital and remaining patient for great opportunities.

Clawback Policy

In 2010, the Company adopted a clawback policy applicable to bonuses and long-term incentive awards. If the Company is required to restate any financial statement included in an SEC filing as a result of an employee s misconduct, the Board may, without prejudice to any other remedies available to the Company, seek reimbursement of any bonus or long-term incentive award received by such person that relates in whole or in part to any period for which such financial statements were restated. If the misconduct was fraud, then in addition to other actions, the Board mandatorily will seek such reimbursement.

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Other Elements of Compensation

Retirement Benefits

We have no active U.S. defined benefit pension plans. Benefit accruals under all our U.S. qualified defined benefit pension plans and all our U.S. supplemental defined benefit pension plans were frozen for all employees in 2002.

Our Named Executive Officers who are not employees of Bermuda-domiciled entities may participate in our voluntary non-qualified deferred compensation plans whereby they may defer all or a portion of their compensation. Investment options in these plans are those available in our 401(k) plans, including White Mountains common shares and OneBeacon common shares. None of the investment options offered under these plans provides an above-market rate of interest.

Our employees may participate in our qualified 401(k) plans and eligible employees can participate in a qualified employee stock ownership plan. We do not provide supplemental retirement benefits to any employees in connection with these plans.

Perquisites

We review the perquisites that our senior management receives. The primary perquisites include housing allowances in special circumstances and personal use of corporate aircraft.

We allow our Named Executive Officers to use our corporate aircraft from time to time for personal reasons. The aggregate incremental cost to the Company is included, for proxy reporting purposes, as compensation to the Named Executive Officer. For tax purposes, we comply with IRS regulations. We do not   gross-up   our Named Executive Officers for their taxes associated with perquisites, including with respect to personal use of our aircraft.

Our Named Executive Officers also participate in our other benefit plans on the same terms as our other employees. These plans include medical and health insurance, company paid life insurance and charitable gift matching.

Certain Board Fees

Our Named Executive Officers do not receive director fees for serving on the Company s board of directors or for serving on the boards of directors of our wholly-owned or majority-owned subsidiaries. However, those Named Executive Officers who serve on the boards of directors of other companies in which we have a minority interest may receive director fees. We consider those board fees when evaluating the compensation of our Named Executive Officers.

Employment and Severance Agreements; Change in Control

We have no long-term employment agreements with our Named Executive Officers although, from time to time, we have entered into short-term arrangements with newly hired executives governing their compensation and severance during up to their first three years with the Company. No such arrangements are in effect with our Named Executive Officers.

At our parent company, severance benefits, if any, are determined by the Committee in its sole discretion. At our operating subsidiaries, our Named Executive Officers participate in the severance plans, if any, generally applicable at those companies.

If any of our most senior executives were to retire, in order to enable the Company to ensure a smooth transition, to receive a non-compete/non-solicit from the executive and to retain access to valuable knowledge, talents and relationships, we generally will consider entering into a one to three year consulting agreement with the executive, which would permit the executive to earn some or all of such executive s long-term incentive compensation then outstanding.

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While the Company has no employment or severance agreement with Mr. Barrette, pursuant to the terms of his grants discussed above under Philosophy , if Mr. Barrette is terminated without cause, any unvested restricted shares would vest in such circumstance.

We have no standalone change in control agreements with our Named Executive Officers. However, under our long-term incentive plans, if a change in control of the Company (or a business unit, as applicable) were to occur, certain events, such as involuntary or constructive employment termination or amendments to our incentive plans which are materially adverse to its participants, may cause stock options to become fully exercisable, restricted shares to become immediately vested and performance shares and performance units to become payable in full or in part. Our plans do not provide for tax gross-ups for excess parachute payments that may result from a change in control.

The option and restricted share grants made to Mr. Barrette in 2007 include provisions pursuant to which such grants vest upon the occurrence of a change in control. While the Company typically has double-trigger change in control provisions in its long-term incentive plans, when originally making those grants to Mr. Barrette, the Committee determined that, in light of the design of Mr. Barrette s grants and as an inducement to Mr. Barrette, immediate vesting upon a change in control was appropriate.

Tax Considerations

As a Bermuda-domiciled company, we do not receive a tax deduction for compensation paid to employees of White Mountains Insurance Group, Ltd. and, accordingly, the limitation of Section 162(m) does not impact compensation paid to our Named Executive Officers who are employees of non-U.S. companies (Messrs. Barrette, Foy and Waters). However, in the case of Named Executive Officers who are employees of subsidiaries that are organised in the United States (Messrs. Miller and Rountree), Section 162(m) limits the deductibility of their compensation to $1,000,000 per individual to the extent that such compensation is not performance-based as defined in Section 162(m). The Company is cognizant of Section 162(m) and generally seeks to structure its long-term incentive programs to permit the deductibility of the bulk of such compensation paid to these Named Executive Officers. However, the Committee may approve compensation that will not meet the Section 162(m) requirements if, in the Committee s judgment, structuring compensation in such manner better promotes the Company s interests (such as with a grant of restricted shares).

Compensation Committee Report

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Morgan W. Davis, Chairman

A. Michael Frinquelli

Edith E. Holiday

Lowndes A. Smith

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Summary Compensation Table

The following table presents compensation in 2012, 2011 and 2010 for the Company s CEO, CFO and its three other most highly compensated executive officers (collectively, the Named Executive Officers).

Name and Principal Position	Year	Salary ($)	Bonus (a) ($)	Stock Awards Granted (b) ($)	Option Awards Granted ($)	Non-Equity Incentive Plan Compen-sation (e) ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compen-sation (f) ($)	Total ($)
Raymond Barrette	2012	500,000	562,500	-	-	-	-	205,221	1,267,721
Chairman and CEO	2011	500,000	2,450,000	-	-	-	-	98,292	3,048,292
	2010	500,000	243,750	-	889,177 (c)	-	-	90,550	1,723,477
David T. Foy	2012	500,000	562,500	3,613,200	-	-	-	151,330	4,827,030
Executive Vice President and CFO	2011	500,000	600,000	3,090,600	-	-	-	139,652	4,330,252
	2010	500,000	232,500	3,065,400	-	-	-	201,715	3,999,615
T. Michael Miller	2012	500,000	3,225,000	1,341,333	-	612,500	-	644,409	6,323,242
President and CEO of OneBeacon	2011	500,000	337,500	10,124,110	-	1,175,000	-	1,140,230	13,276,840
	2010	500,000	2,010,657	1,624,038	16,670 (d)	-	-	91,444	4,242,809
Allan L. Waters	2012	500,000	375,000	1,430,827	-	3,073,280	-	110,937	5,490,044
President and CEO of Sirius Group	2011	500,000	212,500	1,199,880	-	3,876,515	-	25,912	5,814,807
	2010	500,000	225,000	1,192,100	-	4,353,464	-	10,848	6,281,412
G. Manning Rountree	2012	450,000	700,000	2,408,800	-	-	-	55,357	3,614,157
Managing Director of White Mountains Capital, Inc. and President of WM Advisors	2011	450,000	1,450,000	2,036,160	-	-	-	38,042	3,974,202

(a) Represents annual incentive bonuses earned for the years ended December 31, 2012, 2011 and 2010. Mr. Miller s amount in 2012 includes a discretionary bonus of $3,000,000. For Messrs. Barrette and Rountree, the amounts in 2011 include discretionary bonuses of $2,000,000 and $1,000,000. Mr. Miller s amount in 2010 includes a retention bonus of $729,357 and a discretionary bonus of $1,000,000. See Compensation Discussion and Analysis.

(b) For Messrs. Foy, Waters and Rountree, the amounts represent the grant date market value of WTM performance shares granted in 2012, 2011 and 2010 and WTM restricted shares issued in 2012, 2011 and 2010. For Mr. Miller, the amounts represent the grant date market value of OB performance shares granted in 2012, 2011 and 2010 and OB restricted shares issued in 2011. Mr. Miller s amount in 2011 includes 35,000 OB performance shares with a grant date fair value of $480,550 that were forfeited concurrently with his grant of 630,000 OB restricted shares on May 24, 2011. Mr. Miller s OB performance awards for each of the five years following the OB restricted shares grant has been or will be reduced by 35,000 shares. For all Named Executive Officers, the performance share awards included in the table have a maximum payout of 200% of the shares granted and, at such level, would have a grant date fair value equal to 200% of the amounts shown in the Grants of Plan Based Awards table. See Grants of Plan Based Awards and Outstanding Equity Awards at Fiscal Year End.

(c) On May 26, 2010, the Company s shareholders approved modifications to Mr. Barrette s outstanding Non-Qualified Options. The incremental fair value of the award modifications calculated under ASC Topic 718 was $889,177. For a discussion of the assumptions used in calculating the fair value of the awards under ASC Topic 718, see Note 11 of the Notes to Consolidated Financial Statements included in the Company s Annual Report on Form 10-K filed with the SEC on March 1, 2013 (Note 11). See Outstanding Equity Awards at Fiscal Year End.

(d) OneBeacon paid a $2.50 extraordinary dividend in 2010, and the OneBeacon Committee reduced the exercise price of all outstanding option awards by such amount. For Mr. Miller, the incremental fair value of the award modification calculated under ASC Topic 718 was $16,670. For a discussion of the assumptions used in calculating the fair value of the awards under ASC Topic 718, see Note 11. See Outstanding Equity Awards at Fiscal Year End.

(e) Value of OB performance units Mr. Miller earned for the 2010-2012 and 2009-2011 performance cycles and Sirius Group performance units Mr. Waters earned for the 2010-2012, 2009-2011 and 2008-2010.

(f) See next table for details of All Other Compensation.

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All Other Compensation

The following table presents a breakout of "All Other Compensation" included in the Summary Compensation Table for 2012, 2011 and 2010:

Name	Year	Director Fees (a) ($)	Personal use of planes (b) ($)	Restricted stock dividends ($)	401(k) match ($)	Employee stock ownership plan ($)	Profit sharing plan ($)	Total ($)
Raymond Barrette	2012	37,500	141,918	15,000	7,500	3,303	-	205,221
	2011	-	65,738	22,000	7,350	3,204	-	98,292
	2010	-	50,996	29,000	7,350	3,204	-	90,550
David T. Foy	2012	129,954	-	11,150	6,923	3,303	-	151,330
	2011	121,872	-	7,400	7,176	3,204	-	139,652
	2010	179,011	-	12,150	7,350	3,204	-	201,715
T. Michael Miller	2012	-	104,406	529,200	7,500	3,303	-	644,409
	2011	-	102,776	1,026,900	7,350	3,204	-	1,140,230
	2010	-	80,890	-	7,350	3,204	-	91,444
Allan L. Waters	2012	37,500	51,577	4,360	10,000	-	7,500	110,937
	2011	-	8,949	2,875	9,800	-	4,288	25,912
	2010	-	-	2,425	8,423	-	-	10,848
G. Manning Rountree	2012	-	37,154	7,400	7,500	3,303	-	55,357
	2011	-	22,588	4,900	7,350	3,204	-	38,042

(a) Amounts for Messrs. Barrette and Waters represent director fees paid by BAM. Amounts for Mr. Foy represent director fees paid by Symetra Financial Corporation.

(b) Amounts represent the aggregate incremental cost to the Company for the use of aircraft that were not otherwise in use for business. For Company aircraft, the incremental cost is the direct cost per hour multiplied by the number of hours of use. For chartered flights, the incremental cost is the actual cost of the flight.

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Grants of Plan-Based Awards

The following table presents grants of plan-based awards granted, except as otherwise noted, under the White Mountains Long-Term Incentive Plan (the WTM Incentive Plan) to the Named Executive Officers during 2012.

				Estimated Future Payouts Under Non-Equity Incentive Plan Awards (a)(b)			Estimated Future Payouts Under Equity Incentive Plan Awards (c)(d)						
Name	Grant Date	Type of Award	Non-Equity Incentive Plan Awards (#)	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (e) (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/sh)	Grant Date Fair Value of Stock and Option Awards (f) ($)
Raymond Barrette			-	-	-	-	-	-	-	-	-	-	-
David T. Foy	2/22/12	WTM Performance Shares	-	-	-	-	0	3,750	7,500	-	-	-	1,806,600
	2/22/12	WTM Restricted Shares	-	-	-	-	-	-	-	3,750	-	-	1,806,600
T. Michael Miller	2/21/12	OB Performance Shares	-	-	-	-	0	88,830	177,660	-	-	-	1,341,333
	2/21/12	OB Performance Units	22,500	0	2,250,000	4,500,000	-	-	-	-	-	-	-
Allan L. Waters	2/22/12	WTM Performance Shares	-	-	-	-	0	1,485	2,970	-	-	-	715,414
	2/22/12	WTM Restricted Shares	-	-	-	-	-	-	-	1,485	-	-	715,414
	2/22/12	Sirius Group Performance Units	2,638	0									