

OneBeacon Insurance Group, Ltd.
Form 10-Q
October 28, 2011
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the period ended September 30, 2011

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 1-33128

ONEBEACON INSURANCE GROUP, LTD.

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(Exact name of Registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

98-0503315
(I.R.S. Employer
Identification No.)

601 Carlson Parkway
Minnetonka, Minnesota
(Address of principal executive offices)

55305
(Zip Code)

Registrant's telephone number, including area code: **(952) 852-2431**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). 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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated Filer

Non-accelerated filer

Smaller reporting company

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

As of October 28, 2011, 23,313,719 Class A common shares, par value of \$0.01 per share, and 71,754,738 Class B common shares, par value of \$0.01 per share, were outstanding.

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Table of Contents**PART 1. FINANCIAL INFORMATION****ITEM 1. Financial Statements****ONEBEACON INSURANCE GROUP, LTD.****CONSOLIDATED BALANCE SHEETS**

	September 30, 2011 (Unaudited)	December 31, 2010
	(in millions, except share and per share amounts)	
Assets		
Investment Securities:		
Fixed maturity investments, at fair value	\$ 2,019.3	\$ 2,415.5
Short-term investments, at amortized cost	185.8	300.0
Common equity securities, at fair value	244.5	285.3
Convertible bonds, at fair value	80.9	93.8
Other investments	157.1	171.4
Total investments	2,687.6	3,266.0
Cash	63.0	33.6
Reinsurance recoverable on unpaid losses	2,239.1	1,893.2
Reinsurance recoverable on paid losses	13.7	44.5
Premiums receivable	243.7	275.0
Deferred acquisition costs	129.6	114.5
Ceded unearned premiums	11.5	113.9
Net deferred tax asset	122.2	101.2
Investment income accrued	13.3	19.4
Accounts receivable on unsettled investment sales	18.1	5.4
Other assets	260.3	300.0
Assets held for sale	123.2	
Total assets	\$ 5,925.3	\$ 6,166.7
Liabilities		
Loss and LAE reserves	\$ 3,458.9	\$ 3,295.5
Unearned premiums	559.4	627.5
Debt	269.7	419.6
Ceded reinsurance payable	24.3	149.3
Accounts payable on unsettled investment purchases	18.6	14.1
Other liabilities	381.8	411.8
Liabilities held for sale	98.2	
Total liabilities	4,810.9	4,917.8
OneBeacon's common shareholders' equity and noncontrolling interests		
OneBeacon's common shareholders' equity:		
Common shares and paid-in surplus (par value \$0.01; authorized, 200,000,000 shares; issued and outstanding, 95,068,457 and 94,416,477 shares)	1,001.7	1,000.5
Retained earnings	97.9	228.2
Accumulated other comprehensive income, after tax:		

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Other comprehensive income and loss items	0.6	0.3
Total OneBeacon's common shareholders' equity	1,100.2	1,229.0
Total noncontrolling interests	14.2	19.9
Total OneBeacon's common shareholders' equity and noncontrolling interests	1,114.4	1,248.9
Total liabilities, OneBeacon's common shareholders' equity and noncontrolling interests	\$ 5,925.3	\$ 6,166.7

See Notes to Consolidated Financial Statements.

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ONEBEACON INSURANCE GROUP, LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

(Unaudited)

Three months ended		Nine months ended	
September 30,		September 30,	
2011	2010	2011	2010