

WHITE MOUNTAINS INSURANCE GROUP LTD
Form 10-Q
October 29, 2014
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the period ended September 30, 2014

OR

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

For the transition period from _____ to _____

Commission file number 1-8993

WHITE MOUNTAINS INSURANCE GROUP, LTD.
(Exact name of Registrant as specified in its charter)

Bermuda (State or other jurisdiction of incorporation or organization)	94-2708455 (I.R.S. Employer Identification No.)
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80 South Main Street, Hanover, New Hampshire (Address of principal executive offices)	03755-2053 (Zip Code)
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Registrant's telephone number, including area code: (603) 640-2200

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

As of October 29, 2014, 6,004,776 common shares with a par value of \$1.00 per share were outstanding (which includes 81,325 restricted common shares that were not vested at such date).

WHITE MOUNTAINS INSURANCE GROUP, LTD.

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Part I. FINANCIAL INFORMATION.

Item 1. Financial Statements

WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONSOLIDATED BALANCE SHEETS

(Millions, except share amounts)	September 30, 2014	December 31, 2013
Assets	Unaudited	
Fixed maturity investments, at fair value	\$ 4,785.5	\$5,030.5
Short-term investments, at amortized cost (which approximates fair value)	834.9	635.9
Common equity securities, at fair value	986.1	1,156.8
Convertible fixed maturity investments, at fair value	48.9	80.5
Other long-term investments	320.9	288.9
Total investments	6,976.3	7,192.6
Cash (restricted: \$23.8 and \$56.1)	543.5	382.8
Reinsurance recoverable on unpaid losses	430.7	428.1
Reinsurance recoverable on paid losses	27.2	25.4
Insurance and reinsurance premiums receivable	677.8	518.9
Funds held by ceding entities	123.9	106.3
Investments in unconsolidated affiliates	413.5	321.4
Deferred acquisition costs	204.4	174.7
Deferred tax asset	439.1	512.1
Ceded unearned insurance and reinsurance premiums	114.3	92.4
Accrued investment income	32.7	39.3
Accounts receivable on unsettled investment sales	39.0	12.1
Other assets	466.7	458.1
Assets held for sale	1,699.2	1,880.1
Total assets	\$ 12,188.3	\$ 12,144.3
Liabilities		
Loss and loss adjustment expense reserves	\$ 3,022.9	\$3,079.3
Unearned insurance and reinsurance premiums	1,089.5	901.4
Variable annuity benefit guarantee	11.7	52.8
Debt	678.1	676.4
Deferred tax liability	303.0	356.2
Accrued incentive compensation	187.5	218.3
Ceded reinsurance payable	134.0	71.9
Funds held under insurance and reinsurance contracts	132.2	127.1
Accounts payable on unsettled investment purchases	76.0	20.5
Other liabilities	355.4	362.9
Liabilities held for sale	1,699.2	1,880.1
Total liabilities	7,689.5	7,746.9
Equity		
White Mountains's common shareholders' equity		
White Mountains's common shares at \$1 par value per share - authorized 50,000,000 shares;		
issued and outstanding 6,028,251 and 6,176,739 shares	6.0	6.2
Paid-in surplus	1,030.9	1,044.9
Retained earnings	2,961.5	2,802.3
Accumulated other comprehensive income (loss), after tax:		
Equity in net unrealized gains (losses) from investments in Symetra common shares	19.1	(40.4
Net unrealized foreign currency translation (losses) gains	(11.9) 88.4

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Pension liability and other	4.5	4.1
Total White Mountains's common shareholders' equity	4,010.1	3,905.5
Non-controlling interests		
Non-controlling interest - OneBeacon Ltd.	275.6	273.7
Non-controlling interest - SIG Preference Shares	250.0	250.0
Non-controlling interest - HG Global	18.0	16.6
Non-controlling interest - BAM	(114.3) (97.6
Non-controll)