Inogen Inc
Form 8-K
June 23, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of

The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

June 22, 2015

INOGEN, INC.

(Exact name of registrant as specified in its charter)

Delaware	001-36309	33-0989359
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

326 Bollay Drive

Goleta, California 93117

(Address of principal executive offices, including zip code)

(805) 562-0500

(Registrant s telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events.

On June 22, 2015, the board of directors of Inogen, Inc. (Inogen) determined that Inogen s annual meeting of stockholders will be held at 10:00 a.m. Pacific Time on Wednesday, October 14, 2015 at the Company s corporate headquarters located at 326 Bollay Drive, Goleta, California 93117. Holders of record at the close of business on Thursday, August 20, 2015 will be entitled to vote at the meeting.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INOGEN, INC.

By: /s/Alison Bauerlein
Alison Bauerlein
Executive Vice President, Finance, Chief Financial Officer, Secretary and Treasurer

Date: June 23, 2015

;">Beginning of period

915,000

$
6.5

927,000

$
9.6

Issued

—

—

—

—

Vested

(300,000
)

—

(9,000
)

—

Forfeited

(2,500
)

—

—

—

Expense recognized

—

(.8
)

—

(.8
)
Non-vested at March 31,

612,500

$
5.7

918,000

$
8.8

On March 1, 2012, OneBeacon issued 300,000 restricted shares that vest in two equal annual installments beginning on February 28, 2014.

On May 25, 2011, OneBeacon issued 630,000 restricted shares to its CEO that vest in four equal annual installments beginning on February 22, 2014. Concurrently with the grant of the restricted shares, 35,000 OneBeacon performance shares issued to OneBeacon's CEO for the 2011-2013 performance share cycle were forfeited and performance share awards to OneBeacon's CEO for the subsequent five years have been or will also be reduced by 35,000 shares. The unrecognized compensation cost at March 31, 2014 is expected to be recognized ratably over the remaining vesting periods.

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Note 14. Fair Value of Financial Instruments

White Mountains accounts for its financial instruments at fair value with the exception of the OBH Senior Notes and the SIG Senior Notes, which are recorded as debt liabilities at face value less unamortized original issue discount, and the SIG Preference Shares, which are recorded as non-controlling interest at face value.
The following table summarizes the fair value and book value of financial instruments as of March 31, 2014 and December 31, 2013:

Millions	March 31, 2014 Fair Value	March 31, 2014 Carrying Value	December 31, 2013 Fair Value	December 31, 2013 Carrying Value
2012 OBH Senior Notes	$ 275.1	$ 274.7	$ 269.8	$ 274.7
SIG Senior Notes	438.0	399.6	438.1	399.6
SIG Preference Shares	262.5	250.0	260.0	250.0

The fair value estimate for the 2012 OBH Senior Notes has been determined using quoted market prices. The 2012 OBH Senior Notes are considered a Level 2 measurement based upon the volume and frequency of observable transactions. The fair value estimates for the SIG Senior Notes and the SIG Preference Shares have been determined based on indicative broker quotes and are considered to be Level 3 measurements.

Note 15. Discontinued Operations

Runoff Transaction
As described in Note 1 and Note 2, in October 2012, OneBeacon entered into an agreement to sell the Runoff Business to Armour. During three months ended March 31, 2014 and 2013, the results of operations for the Runoff Business have been classified as discontinued operations and are presented, net of related income taxes, in the statement of comprehensive income. The assets and liabilities associated with the Runoff Business as of March 31, 2014 and December 31, 2013 have been presented in the balance sheet as held for sale. The amounts classified as discontinued operations exclude investing and financing activities that are conducted on an overall consolidated level and, accordingly, there were no separately identifiable investments associated with the Runoff Business.
The Pennsylvania Insurance Department is currently conducting a required examination of the Runoff Business as part of its regulatory review of the Runoff Transaction. OneBeacon expects the Runoff Transaction to close in the second half of 2014.

Results of Discontinued Operations
For the three months ended March 31, 2014, White Mountains recorded a loss from discontinued operations of $.5 million substantially all a result of non-claims expenses related to the Runoff Business, including dedicated staff. For the three months ended March 31, 2013, White Mountains recorded income from discontinued operations of $.5 million primarily related to earned premiums from involuntary pools in the Runoff Business.

Reinsurance
Included in the assets held for sale are reinsurance recoverables from two reinsurance contracts with subsidiaries of Berkshire Hathaway Inc. that OneBeacon was required to purchase in connection with White Mountains’s acquisition of OneBeacon in 2001 (the “OneBeacon Acquisition”): a reinsurance contract with National Indemnity Company (“NICO”) for up to $2.5 billion in old asbestos and environmental (“A&E”) claims and certain other exposures (the “NICO Cover”) and an adverse loss reserve development cover from General Reinsurance Corporation (“GRC”) for up to $570.0 million, comprised of $400.0 million of adverse loss reserve development occurring in years 2000 and prior in addition to $170.0 million of reserves ceded as of the date of the OneBeacon Acquisition (the “GRC Cover”). The NICO Cover and GRC Cover, which were contingent on and occurred contemporaneously with the OneBeacon Acquisition, were put in place in lieu of a seller guarantee of loss and LAE reserves and are therefore accounted for under GAAP as a seller guarantee. As of March 31, 2014 and December 31, 2013, the total reinsurance recoverables on paid and

unpaid losses of $1,188.8 million and $1,243.7 million related to both the NICO cover and the GRC cover have been included in assets held for sale. Both NICO and GRC have an A.M Best rating of A++, Superior, which is the highest of sixteen ratings.

The total reinsurance recoverables on paid and unpaid losses in assets held for sale were $9.5 million and $1,673.6 million as of March 31, 2014. The reinsurance recoverable on unpaid amount is gross of $133.6 million in purchase accounting adjustments that will become recoverable if claims are paid in accordance with current reserve estimates.

Net Assets Held for Sale

The following summarizes the assets and liabilities associated with the business classified as held for sale:

Millions	March 31, 2014	December 31, 2013
Assets held for sale		
Fixed maturity investments, at fair value	$ 222.2	$ 236.3
Reinsurance recoverable on unpaid losses	1,540.0	1,604.7
Reinsurance recoverable on paid losses	9.5	10.7
Insurance premiums receivable	12.8	9.1
Deferred tax asset	3.2	3.3
Other assets	15.4	16.0
Total assets held for sale	$ 1,803.1	$ 1,880.1
Liabilities held for sale		
Loss and loss adjustment expense reserves	$ 1,717.3	$ 1,793.1
Unearned insurance premiums	.2	.2
Ceded reinsurance payable	12.1	12.3
Other liabilities	73.5	74.5
Total liabilities held for sale	1,803.1	1,880.1
Net assets held for sale	$ —	$ —

Net (Loss) Income from Discontinued Operations

The following summarizes the results of operations, including related income taxes associated with the business classified as discontinued operations:

	Three Months Ended March 31,	
Millions	2014	2013
Revenues		
Earned insurance premiums	$ (.1)	$ .9
Other revenue	—	—
Total revenues	(.1)	.9
Expenses		
Loss and loss adjustment expenses	—	—
Insurance and reinsurance acquisition expenses	—	.1
Other underwriting expenses	.7	.1
Total expenses	.7	.2
Pre-tax (loss) income	(.8)	.7
Income tax benefit (expense)	.3	(.2)
Net (loss) income from discontinued operations	$ (.5)	$ .5

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(Loss) Earnings Per Share

Basic (loss) earnings per share amounts are based on the weighted average number of common shares outstanding including unvested restricted shares that are considered participating securities. Diluted (loss) earnings per share amounts are based on the weighted average number of common shares including unvested restricted shares and the net effect of potentially dilutive common shares outstanding. The following table outlines the computation of (loss) earnings per share for discontinued operations for the three months ended March 31, 2014 and 2013:

	Three Months Ended March 31,	
	2014	2013
Basic and diluted (loss) earnings per share numerators (in millions):		
Net (loss) income attributable to White Mountains's common shareholders	$(.5)	$.5
Allocation of income for participating unvested restricted common shares [1]	—	—
Net (loss) income attributable to White Mountains's common shareholders, net of restricted common share amounts [2]	$(.5)	$.5
Basic (loss) earnings per share denominators (in thousands):		
Total average common shares outstanding during the period	6,169.9	6,273.5
Average unvested restricted common shares [3]	(70.4)	(79.0)
Basic (loss) earnings per share denominator	6,099.5	6,194.5
Diluted (loss) earnings per share denominator (in thousands):		
Total average common shares outstanding during the period	6,169.9	6,273.5
Average unvested restricted common shares [3]	(70.4)	(79.0)
Average outstanding dilutive options to acquire common shares [4]	—	—
Diluted (loss) earnings per share denominator	6,099.5	6,194.5
Basic and diluted (loss) earnings per share (in dollars):	$(.08)	$.07

(1) Restricted shares issued by White Mountains contain dividend participation features, and therefore, are considered participating securities.

(2) Net (loss) earnings attributable to White Mountains's common shareholders, net of restricted share amounts, is equal to undistributed (loss) earnings for the three months ended March 31, 2014 and 2013.

(3) Restricted common shares outstanding vest either in equal annual installments or upon a stated date (see Note 13).

(4) The diluted (loss) earnings per share denominator for the three months ended March 31, 2014 and 2013 do not include the impact of 125,000 common shares issuable upon exercise of the non-qualified options outstanding as they are anti-dilutive to the calculation.

Note 16. Contingencies

Legal Contingencies

White Mountains, and the insurance and reinsurance industry in general, are routinely subject to claims related litigation and arbitration in the normal course of business, as well as litigation and arbitration that do not arise from, or are directly related to, claims activity. White Mountains's estimates of the costs of settling matters routinely encountered in claims activity are reflected in the reserves for unpaid loss and LAE. See Note 3.

White Mountains considers the requirements of ASC 450 when evaluating its exposure to non-claims related litigation and arbitration. ASC 450 requires that accruals be established for litigation and arbitration if it is probable that a loss has been incurred and it can be reasonably estimated. ASC 450 also requires that litigation and arbitration be disclosed if it is probable that a loss has been incurred or if there is a reasonable possibility that a loss may have been incurred. Although the ultimate outcome of claims and non-claims related litigation and arbitration, and the amount or range of potential loss at any particular time, is often inherently uncertain, management does not believe that the ultimate outcome of such claims and non-claims related litigation and arbitration will have a material adverse effect on White Mountains's financial condition, results of operations or cash flows.

The following summarizes significant legal contingencies, ongoing non-claims related litigation or arbitration as of March 31, 2014:

Esurance

On October 7, 2011, the Company completed the sale of its Esurance and Answer Financial subsidiaries (the "Transferred Subsidiaries") to The Allstate Corporation ("Allstate") pursuant to a Stock Purchase Agreement dated as of May 17, 2011 (filed as an exhibit to the Company's current report on Form 8-K on May 18, 2011, the "Agreement"). The Company has certain contingencies under the Agreement as follows: (i) subject to specified thresholds and limits, the Company generally indemnifies Allstate for breaches of its representations and warranties in the Agreement for a period of eighteen months (although longer for specified representations and warranties) from the closing, (ii) the Company indemnifies Allstate for breaches of certain covenants in the Agreement, including certain agreements by the Company not to solicit certain employees of the Transferred Subsidiaries for three years after the closing, and (iii) subject to specified thresholds and limits, the Company indemnifies Allstate for specified matters related to the pre-closing period, including (a) specified litigation matters, (b) losses of the Transferred Subsidiaries arising from extra-contractual claims and claims in excess of policy limits ("ECO/EPL losses"), (c) certain corporate reorganizations effected to remove entities from the Transferred Subsidiaries that were not being sold in the transaction, and (d) certain tax matters, including certain net operating losses being less than stated levels. In addition, the Company retains 90% of positive or negative development in the loss reserves of the Transferred Subsidiaries as of the closing date (net of ECO/EPL losses).

Tribune Company

In June 2011, Deutsche Bank Trust Company Americas, Law Debenture Company of New York and Wilmington Trust Company (collectively referred to as "Plaintiffs"), in their capacity as trustees for certain senior notes issued by the Tribune Company ("Tribune"), filed lawsuits in various jurisdictions (the "Noteholder Actions") against numerous defendants including OneBeacon, OneBeacon-sponsored benefit plans and other affiliates of White Mountains in their capacity as former shareholders of Tribune seeking recovery of the proceeds from the sale of common stock of Tribune in connection with Tribune's leveraged buyout in 2007 (the "LBO"). Tribune filed for bankruptcy in 2008 in the Delaware bankruptcy court (the "Bankruptcy Court"). The Bankruptcy Court granted Plaintiffs permission to commence these LBO-related actions, and in 2011, the Judicial Panel on Multidistrict Litigation granted a motion to consolidate the actions for pretrial matters and transferred all such proceedings to the United States District Court for the Southern District of New York. Plaintiffs seek recovery of the proceeds received by the former Tribune shareholders on a theory of constructive fraudulent transfer asserting that Tribune purchased or repurchased its common shares without receiving fair consideration at a time when it was, or as a result of the purchases of shares, was rendered, insolvent. OneBeacon has entered into a joint defense agreement with other affiliates of White Mountains that are defendants in the action. Certain subsidiaries of White Mountains received approximately $39.0 million for Tribune common stock tendered in connection with the LBO.

The Court granted an omnibus motion to dismiss the Noteholder Actions in September 2013 and Plaintiffs have filed a notice of appeal.

In addition, OneBeacon, OneBeacon-sponsored benefit plans and other affiliates of White Mountains in their capacity as former shareholders of Tribune, along with thousands of former Tribune shareholders, have been named as defendants in an adversary proceeding brought by the Official Committee of Unsecured Creditors of the Tribune Company (the "Committee"), on behalf of the Tribune Company, which seeks to avoid the repurchase of shares by Tribune in the LBO on a theory of intentional fraudulent transfer (the "Committee Action"). Tribune emerged from bankruptcy in 2012, and a litigation trustee replaced the Committee as plaintiff in the Committee Action. This matter was consolidated for pretrial matters with the Noteholder Actions in the United States District Court for the Southern District of New York and was stayed pending the motion to dismiss in the Noteholder Action. The Committee Action will proceed upon the lifting of the stay and a scheduling order from the court.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion contains “forward-looking statements”. White Mountains intends statements that are not historical in nature, which are hereby identified as forward-looking statements, to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. White Mountains cannot promise that its expectations in such forward-looking statements will turn out to be correct. White Mountains’s actual results could be materially different from and worse than its expectations. See “FORWARD-LOOKING STATEMENTS” for specific important factors that could cause actual results to differ materially from those contained in forward-looking statements.

The following discussion also includes three non-GAAP financial measures - adjusted comprehensive income (loss), adjusted book value per share and total adjusted capital - that have been reconciled to their most comparable GAAP financial measures (see page 68). White Mountains believes these measures to be more relevant than comparable GAAP measures in evaluating White Mountains’s financial performance and condition.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

Overview

White Mountains ended the first quarter of 2014 with an adjusted book value per share of $656, an increase of 2.2% for the quarter, including dividends. White Mountains reported adjusted comprehensive income of $88 million for the first quarter of 2014 compared to adjusted comprehensive income of $117 million for the first quarter of 2013.

OneBeacon's book value per share increased 4.2% for the first quarter of 2014, including dividends. OneBeacon's GAAP combined ratio was 89% for the first quarter of 2014 compared to 88% for the first quarter of 2013. There was one point of favorable loss reserve development in each period. The first quarter of 2014 also included a $5 million tax benefit relating to the settlement of the IRS examination for tax years 2005 and 2006.

Sirius Group's GAAP combined ratio was 73% for the first quarter of 2014 compared to 81% for the first quarter of 2013. The decrease was driven by better loss reserve development. Favorable loss reserve development was 5 points in the first quarter of 2014, primarily due to reductions in casualty and accident and health loss reserves, compared to unfavorable development of 2 points in the first quarter of 2013, which was driven by a late reported agricultural claim related to the 2012 U.S. drought. Catastrophe losses did not meaningfully impact the combined ratio in either period.

White Mountains's total net written premiums increased 8% to $651 million in the first quarter of 2014, primarily driven by growth at OneBeacon. OneBeacon's net written premiums increased 17% to $311 million in the first quarter of 2014, while Sirius Group's net written premiums were relatively flat at $333 million in the first quarter of 2014.

White Mountains's GAAP total return on invested assets was 1.1%, compared to 1.4% for the first quarter of 2013. Currency translation did not impact the first quarter of 2014, while the first quarter of 2013 results included 0.4% of currency losses. White Mountains's short-duration fixed income portfolio returned 0.8%, lagging the Barclays Intermediate Aggregate index return as interest rates fell in the quarter. White Mountains's value-oriented equity portfolio returned 2.4% for the first quarter of 2014, compared to the S&P 500 Index return of 1.8%. Strong relative results in the Prospector separate accounts (up 3.4%) and solid relative results in the alternative asset portfolio (up 1.7%) were partially offset by weak relative results in the Lateef separate accounts (up 0.1%).

White Mountains completed the acquisitions of three insurance marketing/technology service businesses during the first quarter of 2014: (i) QuoteLab, a marketing and technology company focused on the insurance industry, (ii) Wobi, an Israeli online personal lines price comparison business, and (iii) SSRM, the attorney-in-fact for SSIE, a Florida-domiciled reciprocal insurance exchange providing private passenger auto insurance to members of the public safety community and their families (see “Other Operations” on page 51).

Adjusted Book Value Per Share

The following table presents White Mountains's adjusted book value per share and reconciles this non-GAAP measure to the most comparable GAAP measure. (See NON-GAAP FINANCIAL MEASURES on page 68).

	March 31, 2014	December 31, 2013	March 31, 2013
Book value per share numerators (in millions):			
White Mountains's common shareholders' equity	$4,014.5	$3,905.5	$3,758.9
Equity in net unrealized losses (gains) from Symetra's fixed maturity portfolio, net of applicable taxes	3.9	40.4	(49.7)
Adjusted book value per share numerator [1]	$4,018.4	$3,945.9	$3,709.2
Book value per share denominators (in thousands of shares):			
Common shares outstanding	6,174.4	6,176.7	6,176.2
Unearned restricted shares	(45.7)	(33.0)	(57.4)
Adjusted book value per share denominator [1]	6,128.7	6,143.7	6,118.8
Book value per share [2]	$650.18	$632.30	$608.62
Adjusted book value per share [2]	$655.67	$642.27	$606.20

[1] Excludes out of-the-money stock options.

[2] During the first quarter of both 2014 and 2013, White Mountains declared and paid a dividend of $1.00 per common share

Review of Consolidated Results

White Mountains's consolidated financial results for the three months ended March 31, 2014 and 2013 follow:

	Three Months Ended March 31,	
Millions	2014	2013
Gross written premiums	$801.1	$734.6
Net written premiums	$650.6	$601.2
Revenues		
Earned insurance and reinsurance premiums	$493.6	$495.4
Net investment income	24.3	28.5
Net realized and unrealized investment gains	63.8	75.2
Other revenue — foreign currency translation (losses) gains	(3.9)	3.3
Other revenue — Symetra warrants	—	(3.7)
Other revenue — other	.5	28.7
Total revenues	578.3	627.4
Expenses		
Losses and LAE	229.3	244.3
Insurance and reinsurance acquisition expenses	95.1	98.2
Other underwriting expenses	81.4	79.1
General and administrative expenses	50.1	42.6
Accretion of fair value adjustment to loss and LAE reserves	.2	1.2
Interest expense	10.1	10.2
Total expenses	466.2	475.6
Pre-tax income from continuing operations	112.1	151.8
Income tax expense	(30.3)	(41.6)
Net income from continuing operations	81.8	110.2
Net (loss) income from discontinued operations, net of tax	(.5)	.5
Equity in earnings of unconsolidated affiliates, net of tax	13.8	9.2

Net income	95.1	119.9
Net loss attributable to non-controlling interests	.5	.5
Net income attributable to White Mountains's common shareholders	95.6	120.4
Other comprehensive income (loss), net of tax	28.7	(11.7)
Comprehensive income	124.3	108.7
Comprehensive income attributable to non-controlling interests	—	—
Comprehensive income attributable to White Mountains's common shareholders	124.3	108.7
Change in net unrealized (gains) losses from Symetra's fixed maturity portfolio, net of tax	(36.5)	8.0
Adjusted comprehensive income	$87.8	$116.7

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Consolidated Results - Three Months Ended March 31, 2014 versus Three Months Ended March 31, 2013

White Mountains's total revenues decreased 8% to $578 million in the first quarter of 2014. Earned insurance and reinsurance premiums were relatively flat. Net investment income was down 15% to $24 million, primarily due to lower investment yields. White Mountains reported net realized and unrealized investment gains of $64 million in the first quarter of 2014, which included $10 million of net realized and unrealized foreign currency gains on investments, compared to $75 million of gains in the first quarter of 2013, which included $10 million of net realized and unrealized foreign currency losses. Net realized and unrealized foreign currency gains (losses) on investments are related to GAAP foreign currency translation and are partially offset in comprehensive net income and adjusted book value per share by (losses) gains recognized in other comprehensive income (see “Foreign Currency Translation” on page 55). Other revenue decreased to a loss of $3 million in the first quarter of 2014 from a gain of $28 million in the first quarter of 2013. The first quarter of 2014 included $4 million in foreign currency translation losses compared to $3 million of foreign currency gains in the first quarter of 2013. Other revenue in the first quarter of 2013 included a $23 million gain on OneBeacon's sale of Essentia and a $7 million gain on WM Solutions's acquisition of Ashmere. In addition, the first quarter of 2013 included $4 million of mark-to-market losses on the Symetra warrants, which were exercised in the second quarter of 2013.

White Mountains's total expenses decreased 2% to $466 million in the first quarter of 2014. Losses and LAE decreased 6% in the first quarter of 2014, primarily from favorable loss reserve development at Sirius Group. Insurance and reinsurance acquisition expenses decreased 3%, primarily due to changes in business mix at OneBeacon driven by the exit from the collector car and boat business. General and administrative expenses increased 18%, as the first quarter of 2013 included a $6 million reduction in general and administrative expenses related to an adjustment to the fair value of variable annuity death benefit expenses at WM Life Re, which was mostly offset in other revenues by a component of the change in the fair value of WM Life Re's derivative assets and liabilities (See Note 8 — “Derivatives” for a summary of WM Life Re's results).

White Mountains's income tax expense for the first quarter of 2014 and 2013 represented effective tax rates of 27.0% and 27.4%. The effective tax rate for the first quarter of 2014 and 2013 was lower than the U.S. statutory rate of 35% due primarily to income generated in jurisdictions other than the United States.

I. Summary of Operations By Segment

White Mountains conducts its operations through four segments: (1) OneBeacon, (2) Sirius Group, (3) HG Global/BAM and (4) Other Operations. While investment results are included in these segments, because White Mountains manages the majority of its investments through its wholly-owned subsidiary, WM Advisors, a discussion of White Mountains’s consolidated investment operations is included after the discussion of operations by segment. White Mountains’s segment information is presented in Note 11 — “Segment Information” to the Consolidated Financial Statements.

OneBeacon

Financial results and GAAP combined ratios for OneBeacon for the three months ended March 31, 2014 and 2013 follow:

	Three Months Ended March 31,	
Millions	2014	2013
Gross written premiums	$ 331.9	$ 280.9
Net written premiums	$ 311.1	$ 265.1
Earned insurance and reinsurance premiums	$ 276.5	$ 286.5
Net investment income	10.0	9.4
Net realized and unrealized investment gains	18.9	28.4
Other revenue	1.0	24.0
Total revenues	306.4	348.3
Losses and LAE	149.4	148.9
Insurance and reinsurance acquisition expenses	46.7	54.8
Other underwriting expenses	49.4	49.3
General and administrative expenses	3.3	4.0
Interest expense	3.2	3.2
Total expenses	252.0	260.2
Pre-tax income	$ 54.4	$ 88.1
GAAP ratios:		
Losses and LAE	54 %	52 %
Expense	35 %	36 %
Combined	89 %	88 %

The following table presents OneBeacon’s book value per share:

(Millions, except per share amounts)	March 31, 2014	December 31, 2013	March 31, 2013
OneBeacon book value per share:			
OneBeacon's common shareholders’ equity	$ 1,130.3	$ 1,104.3	$ 1,063.8
OneBeacon common shares outstanding	95.3	95.4	95.4
OneBeacon book value per common share (1)	$ 11.86	$ 11.58	$ 11.15

(1) OneBeacon declared and paid a regular quarterly dividend of $0.21 per common share in the first quarter of 2014 and in each quarter during 2013.

OneBeacon Results—Three Months Ended March 31, 2014 versus Three Months Ended March 31, 2013

OneBeacon ended the first quarter of 2014 with a book value per share of $11.86, an increase of 4.2% for the quarter, including dividends. The increase was driven by strong underwriting results and also included a $5 million tax benefit relating to the settlement of the IRS examination for tax years 2005 and 2006. The first quarter of 2013 included a $23 million pre-tax gain on the sale of Essentia.

OneBeacon's GAAP combined ratio increased to 89% for the first quarter of 2014 compared to 88% for the first quarter of 2013. For the first quarter of 2014, the loss ratio was slightly higher and the expense ratio slightly lower as compared to the first quarter of 2013, primarily due to change in business mix driven by the exit from the collector car and boat business in the first quarter of 2013. There was one point of favorable loss reserve development in each period, offset by one point of catastrophe losses in each period.

OneBeacon's net written premiums increased 17% in the first quarter of 2014 to $311 million as most business units contributed to the growth, with particularly strong contributions from its newer units - OneBeacon Program Group, OneBeacon Surety Group and OneBeacon Crop Insurance - as well as from OneBeacon Technology Insurance.

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Reinsurance protection. OneBeacon purchases reinsurance in order to minimize loss from large risks or catastrophic events. OneBeacon also purchases individual property reinsurance coverage for certain risks to reduce large loss volatility through property-per-risk excess of loss reinsurance programs and individual risk facultative reinsurance. OneBeacon also maintains excess of loss casualty reinsurance programs that provide protection for individual risk or catastrophe losses involving workers compensation, general liability, automobile liability, professional liability or umbrella liability. The availability and cost of reinsurance protection is subject to market conditions, which are outside of management’s control. Limiting risk of loss through reinsurance arrangements serves to mitigate the impact of large losses; however, the cost of this protection in an individual period may exceed the benefit.
OneBeacon's net combined ratio was higher than the gross combined ratio by 4 points for the first quarter of 2014 and 1 point for the first quarter of 2013. In both periods, the net combined ratio was higher than the gross combined ratio as a result of the cost of the reinsurance programs more than offsetting the benefits from ceded losses.

Runoff Transaction

In October 2012, OneBeacon entered into a definitive agreement with Trebuchet US Holdings, Inc., a wholly-owned subsidiary of Armour Group Holdings Limited (together with Trebuchet, “Armour”), to sell its Runoff Business. The Pennsylvania Insurance Department is currently conducting a required examination of the Runoff Business as part of its regulatory review of the Runoff Transaction. OneBeacon expects the Runoff Transaction to close in the second half of 2014.

Sirius Group

Financial results and GAAP combined ratios for Sirius Group for the three months ended March 31, 2014 and 2013 follow:

	Three Months Ended March 31,	
($ in millions)	2014	2013
Gross written premiums	$452.7	$451.7
Net written premiums	$333.3	$334.1
Earned insurance and reinsurance premiums	$215.5	$208.9
Net investment income	8.7	13.1
Net realized and unrealized investment gains	28.1	13.1
Other revenue—foreign currency translation (losses) gains	(3.9)	3.3
Other revenue	(1.4)	7.2
Total revenues	247.0	245.6
Losses and LAE	78.8	95.4
Insurance and reinsurance acquisition expenses	47.4	43.3
Other underwriting expenses	31.8	29.7
General and administrative expenses	8.2	8.3
Accretion of fair value adjustment to loss and LAE reserves	.2	1.2
Interest expense	6.6	6.6
Total expenses	173.0	184.5
Pre-tax income	$74.0	$61.1
GAAP ratios:		
Losses and LAE	36 %	46 %
Expense	37 %	35 %
Combined	73 %	81 %

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Sirius Group Results—Three Months Ended March 31, 2014 versus Three Months Ended March 31, 2013

Sirius Group's GAAP combined ratio was 73% for the first quarter of 2014 compared to 81% for first quarter of 2013. The decrease was primarily due to better loss reserve development. Favorable loss reserve development was 5 points ($10 million) in the first quarter of 2014 primarily due to the casualty and accident and health lines of business. For the first quarter of 2013, net unfavorable loss reserve development was 2 points ($4 million), primarily due to a $5 million agricultural claim and a $2 million increase in asbestos reserves, partially offset by reductions in the property and accident and health reserves. In addition, in the first quarter of 2014, Sirius Group recorded 1 point ($2 million) of losses as a result of the disappearance of Malaysia Airlines Flight MH370. Catastrophe losses did not meaningfully affect the combined ratio in either period.

Sirius Group's gross and net written premiums were essentially flat for the first quarter of 2014 compared to the first quarter of 2013. Increases in the accident and health line was offset by decreases in the property and trade credit lines. Net earned premiums increased 3% for 2014 to $216 million due to higher property and accident and health earned premiums. The effects of foreign currency translation on premiums were not material in either the first quarter of 2014 or the first quarter of 2013.

In the first quarter of 2014, Sirius Group's other revenue was a loss of $1 million, which was primarily due to a $3 million loss on the interest rate cap associated with the SIG Preference Shares, somewhat offset by a $1 million gain on the sale of Citation as a “shell company.” In the first quarter of 2013, Sirius Group's other revenues included a gain of $7 million from White Mountains Solutions's acquisition of Ashmere. Additionally, Sirius Group recorded $4 million of foreign currency translation losses in the first quarter of 2014 compared to $3 million of foreign currency translation gains in the first quarter of 2013 (See “Foreign Currency Translation” on page 55).

Sirius Group's insurance and reinsurance acquisition expenses increased $4 million in the first quarter of 2014, due to both higher earned premiums and higher commissions on the pro rata property and accident and health lines of business. Sirius Group's other underwriting expenses increased $2 million in the first quarter of 2014, primarily due to increased incentive compensation expenses.

Reinsurance protection. Sirius Group's reinsurance protection primarily consists of pro-rata and excess of loss protections to cover aviation, trade credit, and certain accident and health and property exposures. Sirius Group's proportional reinsurance programs provide protection for part of the non-proportional treaty accounts written in Europe, the Americas, Asia, the Middle East and Australia. This reinsurance is designed to increase underwriting capacity where appropriate, and to reduce exposure both to large catastrophe losses and to a frequency of smaller loss events. Attachment points and coverage limits vary by region around the world.

Sirius Group's net combined ratio was 1 point higher than the gross combined ratio for the first quarter of 2014 and was 8 points higher than the gross combined ratio for the first quarter of 2013. For the first quarter of 2014, recoveries on prior underwriting years in the accident and health line reduced the gross combined ratio more than the net combined ratio. In addition, ceded aviation recoveries on the Malaysian Air disappearance and favorable loss reserve development on reserves that had no reinsurance protection also reduced the gross combined ratio in the first quarter of 2014. For the first quarter of 2013, the higher net combined ratio was primarily due to the cost of retrocessional protections with limited ceded loss recoveries.

HG Global/BAM

The following table presents the components of pre-tax income included in White Mountains's HG Global/BAM segment related to the consolidation of HG Global, which includes HG Re and its other wholly-owned subsidiaries, and BAM for the three months ended March 31, 2014 and 2013:

	Three Months Ended March 31, 2014			
Millions	HG Global	BAM	Eliminations	Total
Gross written premiums	$—	$4.8	$—	$4.8
Assumed (ceded) written premiums	3.7	(3.7)	—	—
Net written premiums	$3.7	$1.1	$—	$4.8
Earned insurance and reinsurance premiums	$.2	$.1	$—	$.3
Net investment income	.3	1.4	—	1.7
Net investment income - BAM Surplus Notes	3.9	—	(3.9)	—
Net realized and unrealized investment gains	.7	3.0	—	3.7
Other revenue	—	.2	—	.2
Total revenues	5.1	4.7	(3.9)	5.9
Insurance and reinsurance acquisition expenses	.1	.4	—	.5
Other underwriting expenses	—	.1	—	.1
General and administrative expenses	.4	8.9	—	9.3
Interest expense—BAM surplus notes	—	3.9	(3.9)	—
Total expenses	.5	13.3	(3.9)	9.9
Pre-tax income (loss)	$4.6	$(8.6)	$—	$(4.0)

	Three Months Ended March 31, 2013			
Millions	HG Global	BAM	Eliminations	Total
Gross written premiums	$—	$2.0	$—	$2.0
Assumed (ceded) written premiums	1.5	(1.5)	—	—
Net written premiums	$1.5	$.5	$—	$2.0
Earned insurance and reinsurance premiums	$—	$—	$—	$—
Net investment income	.3	1.1	—	1.4
Net investment income—BAM Surplus Notes	10.1	—	(10.1)	—
Net realized and unrealized investment losses	(.2)	(1.1)	—	(1.3)
Other revenue	—	.1	—	.1
Total revenues	10.2	.1	(10.1)	.2
Insurance and reinsurance acquisition expenses	—	.1	—	.1
Other underwriting expenses	—	.1	—	.1
General and administrative expenses	.3	8.2	—	8.5
Interest expense—BAM surplus notes	—	10.1	(10.1)	—
Total expenses	.3	18.5	(10.1)	8.7
Pre-tax income (loss)	$9.9	$(18.4)	$—	$(8.5)

HG Global/BAM Results—Three Months Ended March 31, 2014 versus Three Months Ended March 31, 2013

In the first quarter of 2014, BAM guaranteed more than $1.5 billion of municipal bonds, $1.3 billion of which were in the primary market, up more than 50% from the first quarter of 2013. As of March 31, 2014, BAM's total claims paying resources were approximately $583 million on total insured par outstanding (including policies priced but not yet closed) of $6.2 billion.

HG Global reported pre-tax income of $5 million in the first quarter of 2014, which was driven by $4 million of interest income on the BAM Surplus Notes, compared to $10 million in the first quarter of 2013, which was driven by $10 million of interest income on the BAM Surplus Notes. The decrease in interest income on the BAM Surplus Notes was due to the change in interest rate discussed below.

White Mountains reported $9 million of pre-tax losses on BAM in the first quarter of 2014, driven by $4 million of interest expense on the BAM Surplus Notes and $9 million of operating expenses, partially offset by unrealized investment gains, compared to $18 million in pre-tax losses in the first quarter of 2013, driven by $10 million of interest expense on the BAM Surplus Notes and $8 million of operating expenses. (See LIQUIDITY AND CAPITAL RESOURCES, HG Global/BAM, on page 60). BAM's affairs are managed on a statutory accounting basis, and it does not report stand-alone GAAP financial results. BAM's statutory net loss was $8 million in the first quarter of 2014 and $7 million in the first quarter of 2013. As a mutual insurance company that is owned by its members, BAM's results do not affect White Mountains's adjusted book value per share. However, White Mountains is required to consolidate BAM's results in its GAAP financial statements and its results are attributed to non-controlling interests.

Effective January 1, 2014, HG Global and BAM agreed to change the interest rate on the BAM surplus notes for the five years ending December 31, 2018 from a fixed rate of 8% to a variable rate equal to the one-year U.S. treasury rate plus 300 basis points, set annually, which is 3.13% for 2014. Prior to the end of 2018, BAM has the option to extend the variable rate period for an additional three years. At the end of the variable rate period, the interest rate will be fixed at the higher of the then current variable rate or 8%.

The following table presents amounts from HG Global, which includes HG Re and its other wholly-owned subsidiaries, and BAM that are contained within White Mountains's consolidated balance sheet as of March 31, 2014:

	As of March 31, 2014			
Millions	HG Global	BAM	Eliminations	Total
Assets				
Fixed maturity investments	$96.8	$438.1	$—	$534.9
Short-term investments	16.2	28.7	—	44.9
Total investments	113.0	466.8	—	579.8
Cash	.5	4.2	—	4.7
BAM Surplus Notes	503.0	—	(503.0)	—
Accrued interest receivable on BAM Surplus Notes	62.5	—	(62.5)	—
Other assets	3.5	10.1	(.4)	13.2
Total assets	$682.5	$481.1	$(565.9)	$597.7
Liabilities				
BAM Surplus Notes[(1)]	$—	$503.0	$(503.0)	$—
Accrued interest payable on BAM Surplus Notes[(2)]	—	62.5	(62.5)	—
Preferred dividends payable to White Mountains's subsidiaries[(3)]	63.4	—	—	63.4
Preferred dividends payable to non-controlling interests	1.8	—	—	1.8
Other liabilities	16.6	18.3	(.4)	34.5
Total liabilities	81.8	583.8	(565.9)	99.7
Equity				
White Mountains's common shareholders' equity	582.3	—	—	582.3
Non-controlling interests	18.4	(102.7)	—	(84.3)
Total equity	600.7	(102.7)	—	498.0
Total liabilities and equity	$682.5	$481.1	$(565.9)	$597.7

(1) Under GAAP, the BAM Surplus Notes are classified as debt by the issuer. Under U.S. Statutory accounting, they are classified as Surplus.

(2) Under GAAP, interest accrues daily on the BAM Surplus Notes. Under U.S. Statutory accounting, interest is not accrued on the BAM Surplus Notes until it has been approved for payment by insurance regulators.

(3) Dividends on HG Global preferred shares payable to White Mountains's subsidiaries are eliminated in White Mountains's consolidated financial statements.

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The following table presents the gross par value of policies priced and closed by BAM for the three months ended March 31, 2014 and 2013:

	Three Months Ended March 31,	
Millions	2014	2013
Gross par value of primary market policies priced	$ 1,335.2	$ 866.5
Gross par value of secondary market policies priced	177.8	67.9
Total gross par value of market policies priced	1,513.0	934.4
Less: Gross par value of policies priced yet to close	(281.5)	(264.7)
Gross par value of policies closed that were previously priced	97.5	3.3
Total gross par value of market policies closed	$ 1,329.0	$ 673.0

Millions	As of March 31, 2014
Policyholders' surplus	$ 465.7
Contingency reserve	1.7
Qualified statutory capital	467.4
Net unearned premiums	4.0
Present value of future installment premiums	0.9
Collateral trusts	110.9
Claims paying resources	$ 583.2

Other Operations

A summary of White Mountains's financial results from its Other Operations segment for the three months ended March 31, 2014 and 2013 follows:

	Three Months Ended March 31,	
Millions	2014	2013
Earned insurance and reinsurance premiums	$ 1.3	$ —
Net investment income	3.9	4.6
Net realized and unrealized investment gains	13.1	35.0
Other revenue—Symetra warrants	—	(3.7)
Other revenue	.7	(2.6)
Total revenues	19.0	33.3
Loss and loss adjustment expenses	1.1	—
Insurance and reinsurance acquisition expenses	.5	—
Other underwriting expenses	.1	—
General and administrative expenses	29.3	21.8
Interest expense	.3	.4
Total expenses	31.3	22.2
Pre-tax (loss) income	$ (12.3)	$ 11.1

Other Operations Results—Three Months Ended March 31, 2014 versus Three Months Ended March 31, 2013
White Mountains's Other Operations segment reported a pre-tax loss of $12 million in the first quarter of 2014 compared to pre-tax income of $11 million in the first quarter of 2013. The results for White Mountains's Other Operations segment for both periods were primarily driven by the results of investment assets contained within the segment. White Mountains's Other Operations segment reported net realized and unrealized investment gains of $13 million in the first quarter of 2014 compared to net realized and unrealized investment gains of $35 million in the first quarter of 2013. (See Summary of Investment Results on page 53). The value of White Mountains's investment in Symetra warrants decreased $4 million in the first quarter of 2013. White Mountains exercised these warrants in June 2013 by converting them into common shares of Symetra (See Investment in Symetra Common Shares on page 54).
General and administrative expenses increased $8 million, as the first quarter of 2013 included a $6 million reduction in general and administrative expenses related to an adjustment to the fair value of variable annuity death benefit expenses at WM Life Re, which was mostly offset in other revenues by a component of the change in the fair value of WM Life Re's derivative assets and liabilities. WM Life Re reported losses of $3 million in the first quarter of 2014 compared to losses of $7 million in the first quarter of 2013. (See Note 8 — "Derivatives" for a summary of WM Life Re's results.)

Recent Acquisitions
White Mountains completed the acquisitions of three insurance service businesses during the first quarter of 2014 that are consolidated within the Other Operations segment. These acquisitions, the results of which did not have a material impact on White Mountains's financial results in the first quarter of 2014, are summarized below.

QuoteLab
On March 14, 2014, White Mountains acquired 60% of the outstanding Class A common units of QuoteLab. QuoteLab is an advertising technology company that operates a transparent online advertising exchange that facilitates transactions between buyers and sellers of insurance media, including advertising inventory on QuoteLab's owned and operated websites.
White Mountains paid an initial purchase price of $28 million and will pay additional consideration to the sellers equal to 62.5% of the 2015 gross profit in excess of the 2013 gross profit.

Wobi
On February 19, 2014, White Mountains acquired 54% of the outstanding common shares of Wobi for NIS 14 million (approximately $4 million based upon the foreign exchange spot rate at the date of acquisition). In addition to the common shares, White Mountains also purchased NIS 13 million (approximately $4 million based upon the foreign exchange spot rate at the date of acquisition) of newly-issued convertible preferred shares of Wobi. Wobi is the only price comparison/aggregation business in Israel, with an insurance carrier panel that represents 85% of the premiums written in the Israeli insurance market. Wobi sells four lines of business, primarily personal auto, and operates as an agency, charging upfront commissions on all policy sales. On a fully converted basis, White Mountains owns 60.7% of Wobi.

Star & Shield
On January 31, 2014, White Mountains acquired certain assets and liabilities of Star & Shield Holdings LLC, including SSRM, the attorney-in-fact for SSIE, for a purchase price of $2 million. SSIE is a Florida-domiciled reciprocal insurance exchange providing private passenger auto insurance to the public safety community and their families. White Mountains purchased $12 million of surplus notes issued by SSIE but does not have an ownership interest in SSIE, which is owned by its policyholders. GAAP requires White Mountains to consolidate SSIE's results in its financial statements. However, since SSIE is a reciprocal insurance exchange owned by its policyholders, its results do not affect White Mountains's adjusted book value per share as they are attributed to non-controlling interests.

II. Summary of Investment Results

For purposes of discussing rates of return, all percentages are presented gross of management fees and trading expenses in order to produce a better comparison to benchmark returns, while all dollar amounts are presented net of any management fees and trading expenses. A summary of White Mountains's consolidated pre-tax investment results for the three months ended March 31, 2014 and 2013 follows:

Pre-tax investment results	Three Months Ended March 31,	
Millions	2014	2013
Net investment income	$24.3	$28.5
Net realized and unrealized investment gains [(1)]	63.8	75.2
Change in foreign currency translation on investments recognized through other comprehensive income [(2)]	(12.2)	(3.3)
Total GAAP pre-tax investment gains	$75.9	$100.4

(1) Includes foreign currency gains (losses) of $9.5 and ($9.8).
(2) Excludes non-investment related foreign currency gains (losses) that are also recognized through other comprehensive income of $4.5 and ($0.5).

Gross investment returns and benchmark returns

	Three Months Ended March 31,	
	2014	2013
Fixed maturity investments	0.8%	0.0%
Short-term investments	0.5%	(0.2)%
Total fixed income	0.8%	0.0%
Barclay's U.S. Intermediate Aggregate Index	1.2%	0.2%
Common equity securities	2.4%	9.0%
Convertible fixed maturity investments	4.4%	2.2%
Other long-term investments	1.7%	2.3%
Total equities, convertibles and other long-term investments	2.4%	7.1%
S&P 500 Index (total return)	1.8%	10.6%
Total consolidated portfolio	1.1%	1.4%

Investment Returns—Three Months Ended March 31, 2014 versus Three Months Ended March 31, 2013
White Mountains's GAAP pre-tax total return on invested assets was 1.1% for the first quarter of 2014 compared to 1.4% for the first quarter of 2013. Currency translation did not meaningfully impact total investment returns in the first quarter of 2014, while the first quarter of 2013 included 0.4% of foreign currency losses.

Fixed income results
White Mountains maintains a high-quality, short-duration fixed income portfolio. At March 31, 2014, the fixed income portfolio duration was approximately 2.3 years, including short-term investments, compared to 2.6 years at March 31, 2013. White Mountains fixed income portfolio returned 0.8% in U.S. dollars and local currencies in the first quarter of 2014, lagging the longer duration Barclay's Intermediate Aggregate Bond Index of 1.2% as rates declined. White Mountains's fixed income portfolio return was flat for the first quarter of 2013, but was up 0.4% in local currencies compared to the Barclay's U.S. Intermediate Aggregate return of 0.2%.

Common equity securities, convertibles and other long-term investments results
White Mountains maintains an equity portfolio that consists of common equity securities, convertible fixed maturity investments and other long-term investments. White Mountains's equity portfolio represented approximately 21% of GAAP invested assets as of both March 31, 2014 and December 31, 2013. Including its investment in Symetra

common shares, White Mountains’s equity investments represented 48% and 47% of White Mountains’s common shareholders' equity at March 31, 2014 and December 31, 2013. White Mountains’s total equity portfolio returned 2.4% for the first quarter of 2014, outperforming the S&P 500 Index return of 1.8%. White Mountains’s total equity portfolio returned 7.1% for the first quarter of 2013, lagging the S&P 500 Index return of 10.6%.

WM Advisors has a sub-advisory agreement with Prospector Partners LLC (“Prospector”), a registered investment adviser, under which Prospector manages the majority of White Mountains’s publicly-traded common equity securities and convertible fixed maturity securities. White Mountains also has separate equity portfolios managed by Lateef Investment Management (“Lateef”) and Silchester International Investors (“Silchester”). The following table summarizes the performance in local currencies of each of White Mountains’s separately managed equity portfolios for the first quarter of 2014:

Separate Accounts[1]	Three Months Ended March 31, 2014	
Prospector Capital Appreciation	3.9	%
Prospector All Cap Value	2.8	%
Lateef Multi-Cap Growth Equity	.1	%
Silchester International Equities	1.9	%
S&P 500 Index	1.8	%

[1] Separate account portfolios include common equity securities, convertible fixed maturity investments and cash available for reinvestment.

Prospector’s strong performance in the first quarter of 2014 was positively impacted by individual security selection, as well as the broad stock market rotation out of growth and into value stocks. During the quarter, the portfolio outperformed the S&P 500 Index in eight of the ten sectors that comprise the S&P 500 Index and was favorably impacted by merger and acquisition activity.

Total annualized returns for White Mountains’s separate accounts managed by Prospector compared to the annualized total returns of the S&P 500 Index are as follows:

	Periods ending March 31, 2014							
Annualized returns	1-year		3-years		5-years		Since Inception[1]	
Prospector separate accounts	17.2	%	8.9	%	14.7	%	8.3	%
S&P 500 Index	21.8	%	14.6	%	21.2	%	7.0	%

[1] Annualized total returns since the inception of the Prospector separate account in the beginning of 2005, which was established in connection with an investment management agreement between Prospector and White Mountains whereby Prospector serves as a discretionary adviser with respect to specified assets, primarily equity securities.

The Lateef separate account is a highly concentrated portfolio, and relative performance is often influenced positively or negatively by one or two positions. Lateef’s performance in the first quarter of 2014 reflects specific positions held in the financial and consumer discretionary sectors as well as certain positions heavily exposed to emerging markets.

White Mountains maintains a portfolio of other long-term investments, mainly investments in hedge funds (primarily equity long/short) and private equity funds. The portfolio is positioned to underperform in up markets and outperform in down markets. White Mountains’s long-term investments returned 1.7% for the first quarter of 2014, outperforming the HFRX Equal Weighted Strategies Index of 1.5% for the quarter.

Investment in Symetra Common Shares

During the first quarter of 2014, White Mountains recorded $13 million in equity in earnings from its investment in Symetra's common shares. The table below illustrates (1) the per-Symetra common share value of the investment in Symetra's common shares used in the calculation of White Mountains’s adjusted book value per share (2) Symetra's quoted stock price and (3) Symetra's book value per common share excluding unrealized gains and losses from its fixed maturity portfolio:

Value per Symetra Common Share	March 31, 2014	December 31, 2013

Value of the investment in Symetra's common shares used in the calculation of White Mountains's adjusted book value per share	$18.62	$18.00
Symetra's quoted stock price	$19.82	$18.96
Symetra's book value per common share excluding unrealized gains and losses from its fixed maturity portfolio	$20.50	$19.95

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Foreign Currency Translation

A summary of the impact of foreign currency translation on White Mountains's consolidated financial results for the three months ended March 31, 2014 and 2013 follows:

	Three Months Ended March 31,	
Millions	2014	2013
Net unrealized investment gains— foreign currency[1]	$ 13.1	$ 4.9
Net realized investment losses — foreign currency[1]	(3.6)	(14.7)
Net realized and unrealized investment gains (losses) — foreign currency[1]	9.5	(9.8)
Other revenue — foreign currency translation (losses) gains	(3.9)	3.3
Income tax (expense) benefit	(.6)	1.6
Total foreign currency translation gains (losses) recognized through net income, after tax	5.0	(4.9)
Change in foreign currency translation on investments recognized through other comprehensive income, after tax	(12.2)	(3.3)
Change in foreign currency translation on non-investment net liabilities recognized through other comprehensive income, after tax	4.3	(.5)
Total foreign currency translation losses recognized through other comprehensive income, after tax	(7.9)	(3.8)
Total foreign currency losses recognized through comprehensive income, after tax	$ (2.9)	$ (8.7)

(1) Component of net realized and unrealized investment gains (losses) on the income statement.

At March 31, 2014, White Mountains's investment portfolio included $1.0 billion in non-U.S. dollar-denominated investments, most of which are held at Sirius International and are denominated in Swedish kronor or euros. The value of the investments in this portfolio is impacted by changes in the exchange rate between the U.S. dollar and the kronor and between the U.S. dollar and the euro. During the first quarter of 2014, the U.S. dollar strengthened 0.8% against the kronor and 0.1% against the euro. These currency movements resulted in approximately $3 million of pre-tax foreign currency investment losses for the first quarter of 2014, which are recorded as components of net realized and unrealized investment gains (recognized in pre-tax income) and change in foreign currency translation on investments (recognized in other comprehensive income). During the first quarter of 2013, the U.S. dollar strengthened 0.4% against the kronor and 2.9% against the euro. These currency movements resulted in approximately $13 million of pre-tax foreign currency investment losses for the first quarter of 2013.

Sirius International holds a large portfolio of investments that are denominated in U.S. dollars, but its functional currency is the Swedish kronor. When Sirius International prepares its stand-alone GAAP financial statements, it translates its U.S. dollar-denominated investments to Swedish kronor and recognizes the related foreign currency translation gains or losses through pre-tax income. When White Mountains consolidates Sirius International, it translates Sirius International's stand-alone GAAP financial statements to U.S. dollars and recognizes the foreign currency gains or losses arising from this translation, including those associated with Sirius International's U.S. dollar-denominated investments, through other comprehensive income. Since White Mountains reports its financial statements in U.S. dollars, there is no net effect to adjusted book value per share or to investment returns from foreign currency translation on its U.S. dollar-denominated investments at Sirius International. However, net realized and unrealized investment gains, other revenues and other comprehensive income can be significantly affected during periods of high volatility in the foreign exchange rate between the U.S. dollar and other currencies, especially the Swedish kronor.

The amount of foreign currency translation on Sirius International's U.S. dollar-denominated investments recognized as a decrease of other comprehensive income and an increase of net income was $6 million for the first quarter of 2014. The amount of foreign currency translation on Sirius International's U.S. dollar-denominated investments recognized as a decrease of other comprehensive income and an increase of net income was $3 million for the first quarter of 2013.

Investments by Country of Issue

White Mountains's investment portfolio consists of debt and equity securities issued in over 30 countries worldwide. The United States represents the country of issue for 74% of White Mountains's fixed maturity, common equity security and convertible fixed maturity portfolio. White Mountains has minimal sovereign risk exposure to European peripheral countries Ireland, Greece, Portugal, Spain and Italy ("peripheral countries"). White Mountains's portfolio includes 0.7% of total fixed maturity, convertible fixed maturity and common equity security investments issued from these peripheral countries at March 31, 2014. However, White Mountains may have indirect exposure to peripheral countries through securities issued from non-peripheral countries as the issuers of those securities could have exposure to peripheral countries.

The following tables list White Mountains's investments in fixed maturity investments, common equity securities and convertible fixed maturity investments at March 31, 2014 categorized as financial or non-financial investments and by country of issue:

Millions	Fair value as of March 31, 2014
Debt securities issued by corporations:	
Non-financial	
Australia	$4.6
Bermuda	26.6
Canada	159.3
France	50.8
Greece	—
Ireland	6.4
Italy	10.3
Mexico	67.8
Netherlands	123.0
Portugal	—
Spain	11.7
Sweden	22.2
United Kingdom	67.9
United States	1,316.9
Other	33.0
Total non-financial debt	1,900.5
Financial	
Australia	15.7
Greece	—
Ireland	—
Italy	—
Netherlands	2.8
Portugal	—
Spain	—
United Kingdom	10.0
United States	394.5
Other	23.0
Total financial debt	446.0
Total debt securities issued by corporations	2,346.5
Mortgage-backed and asset-backed securities:	
Mexico	4.5
Sweden	72.7
United States	1,765.0
Total mortgage-backed and asset-backed securities	1,842.2
Foreign government, agency and provincial obligations:	
Canada	42.9
France	51.3
Germany	10.3
Greece	—
Ireland	—
Italy	—
Japan	14.3
Portugal	—

Spain	—
Sweden	232.6
United Kingdom	6.1
Other	6.9
Total foreign government, agency and provincial obligations	364.4
US Government and agency obligations(1)	538.4
Municipal obligations(1)	33.5
Preferred stocks(1)	85.9
Total fixed maturity investments(2)	$5,210.9

(1) All securities were issued in the United States.

(2) Carrying value includes $222.2 that is classified as assets held for sale relating to discontinued operations.

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Millions	Fair value as of March 31, 2014
Common equity securities:	
Non-financial	
Canada	$21.3
France	17.8
Greece	1.5
Ireland	9.9
Italy	1.0
Netherlands	4.0
Portugal	.7
Spain	.5
Sweden	.9
Switzerland	25.8
United Kingdom	14.7
United States	672.0
Other	44.7
Total non-financial common equity securities	814.8
Financial	
Bermuda	41.5
Cayman Islands	4.4
Greece	—
Ireland	6.3
Italy	—
Portugal	—
Spain	—
United Kingdom	9.9
United States	296.5
Other	1.2
Total financial common equity securities	359.8
Total common equity securities	$1,174.6
Convertible fixed maturities:	
Canada	$2.5
United States	71.3
Total convertible fixed maturity investments	$73.8

LIQUIDITY AND CAPITAL RESOURCES

Cash and Short-term Investments

Holding company level. The primary sources of cash for the Company and certain of its intermediate holding companies are expected to be distributions and tax sharing payments received from its insurance and reinsurance operating subsidiaries, capital raising activities, net investment income, proceeds from sales and maturities of investments and, from time to time, proceeds from sales of operating subsidiaries. The primary uses of cash are expected to be repurchases of the Company’s common shares, payments on and repurchases/retirements of its debt obligations, dividend payments to holders of the Company’s common shares, to non-controlling interest holders of OneBeacon Ltd.’s common shares and to holders of the SIG Preference Shares, purchases of investments, payments to tax authorities, contributions to operating subsidiaries, operating expenses and, from time to time, purchases of operating subsidiaries.

Operating subsidiary level. The primary sources of cash for White Mountains’s insurance and reinsurance operating subsidiaries are expected to be premium collections, net investment income, proceeds from sales and maturities of investments, contributions from holding companies, capital raising activities and, from time to time, proceeds from the sales of operating subsidiaries. The primary uses of cash are expected to be claim payments, policy acquisition costs, purchases of investments, payments on and repurchases/retirements of its debt obligations, distributions and tax sharing payments made to holding companies, operating expenses and, from time to time, purchases of operating subsidiaries.

Both internal and external forces influence White Mountains’s financial condition, results of operations and cash flows. Claim settlements, premium levels and investment returns may be impacted by changing rates of inflation and other economic conditions. In many cases, significant periods of time, sometimes several years or more, may lapse between the occurrence of an insured loss, the reporting of the loss to White Mountains and the settlement of the liability for that loss. The exact timing of the payment of claims and benefits cannot be predicted with certainty. White Mountains’s insurance and reinsurance operating subsidiaries maintain portfolios of invested assets with varying maturities and a substantial amount of cash and short-term investments to provide adequate liquidity for the payment of claims.

Management believes that White Mountains’s cash balances, cash flows from operations, routine sales and maturities of investments and the liquidity provided by the WTM Bank Facility are adequate to meet expected cash requirements for the foreseeable future on both a holding company and insurance and reinsurance operating subsidiary level.

Dividend Capacity

Under the insurance laws of the states and jurisdictions that White Mountains’s insurance and reinsurance operating subsidiaries are domiciled, an insurer is restricted with respect to the timing and the amount of dividends it may pay without prior approval by regulatory authorities. Accordingly, there can be no assurance regarding the amount of such dividends that may be paid by such subsidiaries in the future. Following is a description of the dividend capacity of White Mountains’s principal insurance and reinsurance operating subsidiaries:

OneBeacon:

OneBeacon's combined statutory surplus (including U.S. statutory surplus and Bermuda statutory capital and surplus for Split Rock) was $1.0 billion as of December 31, 2013. OneBeacon's combined U.S. statutory surplus as of December 31, 2013 was $0.9 billion. Split Rock's statutory capital and surplus was $96.4 million as of December 31, 2013.

OneBeacon Insurance Company (“OBIC”), OneBeacon's primary top tier regulated U.S. insurance operating subsidiary, has the ability to pay dividends during any 12-month period without the prior approval of regulatory authorities in an amount set by formula based on the greater of prior year statutory net income or 10% of prior year end statutory surplus, subject to the availability of unassigned funds. Based on prior year end statutory surplus, OBIC has the ability to pay $87 million of dividends during 2014 without prior approval of regulatory authorities, subject to the availability of unassigned funds. The amount of dividends available to be paid by OBIC in any given year is also subject to cash flow and earnings generated by OBIC's business, which now only comprises the Runoff Business, as well as to dividends received from its subsidiaries, including Atlantic Specialty Insurance Company (“ASIC”), the lead U.S. insurance operating subsidiary for the ongoing specialty business. At December 31, 2013, OBIC had $0.6 billion of unassigned funds and $0.9 billion of statutory surplus.

During the fourth quarter of 2012, OneBeacon executed various intercompany reinsurance agreements which, along with other internal capital transactions among its regulated U.S. insurance operating subsidiaries, resulted in ASIC becoming the lead insurance company for the ongoing specialty business and OBIC becoming the lead insurance company for the Runoff Business. Notwithstanding these restructuring transactions, OneBeacon continues to manage its statutory capital on a combined basis. Although OBIC remains the primary top tier regulated U.S. insurance operating subsidiary and maintains sufficient statutory capital to support the Runoff Business, the majority of the group's statutory capital is now included in ASIC, which is currently a subsidiary of OBIC, to support the ongoing specialty business. Prior to the closing of the Runoff Transaction and subject to regulatory approval, OBIC will distribute ASIC to its immediate parent, OneBeacon Insurance Group, LLC.

ASIC has the ability to pay dividends during any 12-month period without the prior approval of regulatory authorities in an amount set by formula based on the lesser of net investment income, as defined by statute, or 10% of statutory surplus, in both cases as most recently reported to regulatory authorities, subject to the availability of earned surplus and subject to dividends paid in prior periods. Based on net investment income, as defined by statute, ASIC had the ability to pay $24 million of dividends during 2014 without prior approval of regulatory authorities, subject to the availability of earned surplus. Given the changes in structure noted above, and in order for ASIC to pay dividends consistent with being the lead insurance company for the ongoing specialty business, ASIC may require prior approval by regulatory authorities in order to make additional distributions until it builds up a historical net investment income stream and earned surplus balance under its new structure. At December 31, 2013, ASIC had $95 million of earned surplus and $0.7 billion of statutory surplus.

During the first quarter of 2014, OneBeacon's top tier regulated U.S. insurance operating subsidiaries paid no distributions to their immediate parent.

Split Rock has the ability to declare or pay dividends during any 12-month period without the prior approval of Bermuda regulatory authorities on condition that any such declaration or payment of dividends does not cause a breach of any of its regulatory solvency and liquidity requirements. If Split Rock fails to meet its regulatory solvency or liquidity requirements on the last day of any financial year, it is prohibited from declaring or paying any dividends during the next financial year without the approval of the Bermuda Monetary Authority ("BMA").

In addition, under the Companies Act 1981 of Bermuda, Split Rock is prohibited from declaring or paying a dividend or making a distribution out of contributed surplus if there are reasonable grounds for believing that, after such payment is made, Split Rock would be unable to pay its liabilities as they become due or the realizable value of its assets would be less than its liabilities.

During 2014, Split Rock has the ability to make capital distributions without the prior approval of regulatory authorities, subject to meeting all appropriate liquidity and solvency requirements, of $20 million, which is equal to 15% of its December 31, 2013 statutory capital, excluding earned surplus. During the first quarter of 2014, Split Rock paid no dividends or distributions to its immediate parent.

During the first quarter of 2014, OneBeacon's unregulated insurance operating subsidiaries paid $4 million of dividends to their immediate parent. At March 31, 2014, OneBeacon's unregulated insurance operating subsidiaries had $71 million of net unrestricted cash, short-term investments and fixed maturity investments.

During the first quarter of 2014, OneBeacon Ltd. paid $20 million of regular quarterly dividends to its common shareholders. White Mountains received $15 million of these dividends.

At March 31, 2014, OneBeacon Ltd. and its intermediate holding companies had $199 million of net unrestricted cash, short-term investments and fixed maturity investments and $94 million of common equity securities, convertible fixed maturity investments and other long-term investments outside of its regulated and unregulated insurance operating subsidiaries.

Sirius Group:

Subject to certain limitations under Swedish law, Sirius International is permitted to transfer a portion of its pre-tax income to its Swedish parent companies to minimize taxes (referred to as a group contribution).

Sirius International has the ability to pay dividends subject to the availability of unrestricted statutory surplus. Historically, Sirius International has allocated the majority of its pre-tax income, after group contributions to its Swedish parent companies, to the Safety Reserve (see "Safety Reserve" on page 60). At December 31, 2013, Sirius International had $587 million (based on the December 31, 2013 SEK to USD exchange rate) of unrestricted statutory surplus, which is available for distribution in 2014. The amount of dividends available to be paid by Sirius International in any given year is also subject to cash flow and earnings generated by Sirius International's business, as well as to dividends received from its subsidiaries, including Sirius America Insurance Company ("Sirius America"). During the first quarter of 2014, Sirius International paid no dividends to its immediate parent.

Sirius America has the ability to pay dividends during any 12-month period without the prior approval of regulatory authorities in an amount set by formula based on the lesser of net investment income, as defined by statute, or 10% of statutory surplus, in both cases as most recently reported to regulatory authorities, subject to the availability of earned surplus and subject to dividends paid in prior periods. Based upon 2013 statutory net investment income and dividends paid in 2013, Sirius America has no ability to pay any dividends during 2014 without prior approval of regulatory authorities. At December 31, 2013, Sirius America had $33 million of earned surplus and $548 million of statutory surplus. During the first quarter of 2014, Sirius America paid no dividends to its immediate parent.

At March 31, 2014, Sirius Group and its intermediate holding companies had $65 million of net unrestricted cash, short-term investments and fixed maturity investments and $15 million of other long-term investments outside of its regulated and unregulated insurance and reinsurance operating subsidiaries. During the first quarter of 2014, Sirius Group paid no dividends to its immediate parent.

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Capital Maintenance

There is a capital maintenance agreement between Sirius International and Sirius America, which obligates Sirius International to make contributions to Sirius America's surplus in order for Sirius America to maintain surplus equal to at least 125% of the company action level risk based capital as defined in the NAIC Property/Casualty Risk-Based Capital Report. The agreement provides for a maximum contribution to Sirius America of $200 million. Sirius International also provides Sirius America with accident year stop loss reinsurance, which protects Sirius America's accident year loss and allocated loss adjustment expense ratio in excess of 70%, with a limit of $90 million. This stop loss contract was in effect for all of 2013 and has been renewed for all of 2014 with similar terms.

Safety Reserve

Subject to certain limitations under Swedish law, Sirius International is permitted to transfer pre-tax income amounts into an untaxed reserve referred to as a safety reserve. At March 31, 2014, Sirius International's safety reserve amounted to SEK 10.4 billion, or $1.6 billion (based on the March 31, 2014 SEK to USD exchange rate). Under GAAP, an amount equal to the safety reserve, net of a related deferred tax liability established at the Swedish tax rate of 22.0%, is classified as shareholder’s equity. Generally, this deferred tax liability is only required to be paid by Sirius International if it fails to maintain prescribed levels of premium writings and loss reserves in future years. As a result of the indefinite deferral of these taxes, Swedish regulatory authorities apply no taxes to the safety reserve when calculating solvency capital under Swedish insurance regulations. Accordingly, under local statutory requirements, an amount equal to the deferred tax liability on Sirius International's safety reserve ($354 million at March 31, 2014) is included in solvency capital. Access to the safety reserve is restricted to coverage of reinsurance losses. Access for any other purpose requires the approval of Swedish regulatory authorities. Similar to the approach taken by Swedish regulatory authorities, most major rating agencies generally include the $1.6 billion balance of the safety reserve, without any provision for deferred taxes, in Sirius International's regulatory capital when assessing Sirius International's financial strength.

HG Global/BAM:

At March 31, 2014, HG Global had $613 million face value of preferred shares outstanding, of which White Mountains owned 96.9%. Holders of the HG Global preferred shares receive cumulative dividends at a fixed annual rate of 6.0% on a quarterly basis, when and if declared by HG Global. HG Global did not declare or pay any preferred dividends in 2013 or the first quarter of 2014. As of March 31, 2014, HG Global has accrued $65 million of dividends payable to holders of its preferred shares, $63 million of which is payable to White Mountains and eliminated in consolidation.

HG Re is a Special Purpose Insurer subject to regulation and supervision by the BMA, but does not require regulatory approval to pay dividends. However, HG Re’s dividend capacity is limited by amounts held in the collateral trusts pursuant to the first loss reinsurance treaty (“FLRT”) with BAM. As of December 31, 2013, HG Re had statutory capital of $437 million, of which $35 million primarily relates to accrued interest on the BAM Surplus Notes held by HG Re, and $400 million was held as collateral in the Supplemental Trust pursuant to the FLRT with BAM.

Effective January 1, 2014, HG Global and BAM agreed to change the interest rate on the BAM surplus notes for the five years ending December 31, 2018 from a fixed rate of 8% to a variable rate equal to the one-year U.S. treasury rate plus 300 basis points, set annually, which is 3.13% for 2014. Prior to the end of 2018, BAM has the option to extend the variable rate period for an additional three years. At the end of the variable rate period, the interest rate will be fixed at the higher of the then current variable rate or 8%. BAM is required to seek regulatory approval to pay interest and principal on its surplus notes only when adequate capital resources have accumulated beyond BAM’s initial capitalization and a level that continues to support its outstanding obligations, business plan and ratings.

Other Operations:

During the first quarter of 2014, White Mountains contributed $15 million to WM Advisors. During the first quarter of 2014, WM Advisors paid no dividends to its immediate parent. At March 31, 2014, WM Advisors had $18 million of net unrestricted cash, short-term investments and fixed maturity investments.

At March 31, 2014, the Company and its intermediate holding companies held $160 million of net unrestricted cash, short-term investments and fixed maturity investments, $495 million of common equity securities and $135 million of other long-term investments included in its Other Operations segment. During the first quarter of 2014, White Mountains paid a $6 million common share dividend.

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WM Life Re Keep-Well Agreement

Sirius Group initially fronted the reinsurance contracts covering guaranteed living and death benefits of Japanese variable annuity contracts for, and was 100% reinsured by, WM Life Re. In October 2013, White Mountains and Tokio Marine completed a novation whereby Sirius Group's obligations on the reinsurance contracts were transferred to WM Life Re. As a result, Sirius Group no longer has any obligation or liability relating to these agreements. In connection with this novation agreement, White Mountains and Life Re Bermuda entered into a keep-well agreement, which obligates White Mountains to make capital contributions to Life Re Bermuda in the event that Life Re Bermuda's shareholder's equity falls below $75 million, provided however that in no event shall the amount of all capital contributions made by White Mountains under this agreement exceed $127 million. At March 31, 2014, Life Re Bermuda had $83 million of shareholder's equity and White Mountains's maximum capital commitment under the keep-well agreement was $118 million. WM Life Re is in runoff and all of its contracts will mature by June 30, 2016.

The summary balance sheet below presents Life Re Bermuda's net assets at March 31, 2014 reported to Tokio Marine as required under the terms of the novation agreement:

Millions	March 31, 2014
Cash and short-term investments	$50.7
Direct obligations of the government of Japan	14.3
Reinsurance premium receivable	1.7
Derivative instruments	89.6
Total assets	156.3
Variable annuity liabilities	54.1
Counterparty collateral held	3.8
Intercompany line of credit outstanding	15.0
Accounts payable and accrued expenses	.8
Total liabilities	73.7
Total shareholder's equity	$82.6

Insurance Float

Insurance float is an important aspect of White Mountains's insurance operations. Insurance float represents funds that an insurance or reinsurance company holds for a limited time. In an insurance or reinsurance operation, float arises because premiums are collected before losses are paid. This interval can extend over many years. During that time, the insurer or reinsurer invests the funds. When the premiums that an insurer or reinsurer collects do not cover the losses and expenses it eventually must pay, the result is an underwriting loss, which is considered to be the cost of insurance float. One manner in which White Mountains calculates its insurance float is by taking its net investment assets and subtracting its total adjusted capital. Although insurance float can be calculated using numbers determined under GAAP, insurance float is not a GAAP concept and, therefore, there is no comparable GAAP measure.

Insurance float can increase in a number of ways, including through acquisitions of insurance and reinsurance operations, organic growth in existing insurance and reinsurance operations and recognition of losses that do not cause a corresponding reduction in investment assets. Conversely, insurance float can decrease in a number of other ways, including sales of insurance and reinsurance operations, shrinking or runoff of existing insurance and reinsurance operations, the acquisition of operations that do not have substantial investment assets (e.g., an agency) and the recognition of gains that do not cause a corresponding increase in investment assets. White Mountains has historically obtained its insurance float primarily through acquisitions, as opposed to organic growth. It is White Mountains's intention to generate low-cost float over time through a combination of acquisitions and organic growth in its existing insurance and reinsurance operations. However, White Mountains will seek to increase its insurance float organically only when market conditions allow for an expectation of generating underwriting profits.

Certain operational leverage metrics can be measured with ratios that are calculated using insurance float. There are many activities that do not change the amount of insurance float at an insurance company but can have a significant impact on the company's operational leverage metrics. For example, investment gains and losses, foreign currency gains and losses, debt issuances and repurchases/repayments, common and preferred share issuances and repurchases and dividends paid to shareholders are all activities that do not change insurance float but that can meaningfully impact operational leverage metrics.

The following table illustrates White Mountains's consolidated insurance float position as of March 31, 2014 and December 31, 2013:

($ in millions)	March 31, 2014	December 31, 2013
Total investments	$7,213.4	$7,192.6
BAM total cash and investments	(471.0)	(475.3)
BAM Surplus Notes held by HG Global	503.0	503.0
SSIE total cash and investments	(21.2)	—
SSIE Surplus Notes held by White Mountains	12.0	—
Consolidated limited partnership investments[1]	(66.4)	(73.1)
Cash	338.6	382.8
Net investment assets classified within assets held for sale	222.2	236.3
Investments in unconsolidated affiliates	373.3	321.4
Equity in net unrealized losses from Symetra's fixed maturity portfolio	4.3	43.6
Cash and investments posted as collateral by WM Life Re[2]	(36.5)	(81.3)
Accounts receivable on unsettled investment sales	19.9	12.1
Accounts payable on unsettled investment purchases	(80.9)	(20.5)
Interest-bearing funds held by ceding companies[3]	68.3	78.1
Interest-bearing funds held under insurance and reinsurance contracts[4]	(30.5)	(31.1)
Net investment assets	$8,048.5	$8,088.6
Total White Mountains's common shareholders' equity	$4,014.5	$3,905.5
Non-controlling interest—OneBeacon Ltd.	279.2	273.7
Non-controlling interest—SIG Preference Shares	250.0	250.0
Non-controlling interest—HG Global	18.4	16.6
Debt	677.6	676.4
Total capital[1]	5,239.7	5,122.2
Equity in net unrealized losses from Symetra's fixed maturity portfolio, net of applicable taxes	3.9	40.4
Total adjusted capital	$5,243.6	$5,162.6
Insurance float	$2,804.9	$2,926.0
Insurance float as a multiple of total adjusted capital	0.5x	0.6x
Net investment assets as a multiple of total adjusted capital	1.5x	1.6x
Insurance float as a multiple of White Mountains's common shareholders' equity	0.7x	0.7x
Net investment assets as a multiple of White Mountains's common shareholders' equity	2.0x	2.1x

(1) Total capital only includes non-controlling interests that White Mountains (i) benefits from the return on or (ii) has the ability to utilize the net assets supporting the non-controlling interest.

(2) Consists of cash, fixed maturity and short-term investments held by WM Life Re and posted as collateral to its variable annuity reinsurance counterparties.

(3) Excludes funds held by ceding companies from which White Mountains does not receive interest credits.

(4) Excludes funds held by White Mountains under reinsurance treaties for which White Mountains does not provide interest credits.

During the first quarter of 2014, insurance float decreased by $121 million, primarily due to White Mountains's acquisition of three insurance services businesses during the quarter, the continued runoff of reserves at OneBeacon, the runoff of Sirius Group's casualty business and payments of losses incurred in 2010, 2011 and 2012 related to major catastrophes, primarily from hurricane Sandy and earthquakes in Chile, Japan and New Zealand. These catastrophe losses increased White Mountains's insurance float when they were first recorded, which is now reversing and decreasing insurance float as the catastrophe losses are paid. Based on March 31, 2014 balances, the closing of the Runoff Transaction is expected to decrease insurance float by approximately $222 million.

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Financing

The following table summarizes White Mountains's capital structure as of March 31, 2014 and December 31, 2013:

($ in millions)	March 31, 2014	December 31, 2013
2012 OBH Senior Notes, carrying value	$ 274.7	$ 274.7
SIG Senior Notes, carrying value	399.6	399.6
WTM Bank Facility	—	—
Old Lyme Note	2.1	2.1
Other	1.2	—
Total debt	677.6	676.4
Non-controlling interest—OneBeacon Ltd.	279.2	273.7
Non-controlling interest—SIG Preference Shares	250.0	250.0
Non-controlling interest—HG Global	18.4	16.6
Total White Mountains's common shareholders' equity	4,014.5	3,905.5
Total capital [(1)]	5,239.7	5,122.2
Equity in net unrealized gains from Symetra's fixed maturity portfolio, net of applicable taxes	3.9	40.4
Total adjusted capital	$ 5,243.6	$ 5,162.6
Total debt to total adjusted capital	13 %	13 %
Total debt and SIG Preference Shares to total adjusted capital	18 %	18 %

[(1)] Total capital only includes non-controlling interests that White Mountains (i) benefits from the return on or (ii) has the ability to utilize the net assets supporting the non-controlling interest.

Management believes that White Mountains has the flexibility and capacity to obtain funds externally as needed through debt or equity financing on both a short-term and long-term basis. However, White Mountains can provide no assurance that, if needed, it would be able to obtain additional debt or equity financing on satisfactory terms, if at all.

On August 14, 2013, White Mountains entered into a revolving credit facility with a syndicate of lenders administered by Wells Fargo Bank, N.A. which has a total commitment of $425 million and a maturity date of August 14, 2018 (the "WTM Bank Facility"). As of March 31, 2014 and December 31, 2013, the WTM Bank Facility was undrawn.

The WTM Bank Facility contains various affirmative, negative and financial covenants that White Mountains considers to be customary for such borrowings, including certain minimum net worth and maximum debt to capitalization standards. Failure to meet one or more of these covenants could result in an event of default, which ultimately could eliminate availability under this facility and result in acceleration of principal repayment on any amounts outstanding. At March 31, 2014, White Mountains was in compliance with all of the covenants under the WTM Bank Facility and anticipates it will continue to remain in compliance with these covenants for the foreseeable future.

In addition, a failure by certain of White Mountains's subsidiaries to pay principal and interest on a credit facility, mortgage or similar debt agreement ("covered debt"), where such a default results in the acceleration of at least $75 million of the principal amount of covered debt, could trigger a cross acceleration provision contained in the WTM Bank Facility.

It is possible that, in the future, one or more of the rating agencies may lower White Mountains's existing ratings. If one or more of its ratings were lowered, White Mountains could incur higher borrowing costs on future borrowings and its ability to access the capital markets could be impacted. In addition, White Mountains's insurance and reinsurance operating subsidiaries could be adversely impacted by a lowering of their financial strength ratings, including a possible reduction in demand for their products in certain markets.

In November 2012, OneBeacon U.S. Holdings, Inc. ("OBH") issued $275 million face value of senior unsecured debt (the "2012 OBH Senior Notes") through a public offering, at an issue price of 99.9%. The net proceeds from the issuance of the 2012 OBH Senior Notes were used to repurchase OBH's previously issued Senior Notes. The 2012

OBH Senior Notes, which are fully and unconditionally guaranteed as to the payment of principal and interest by OneBeacon Ltd., bear an annual interest rate of 4.60%, payable semi-annually in arrears on May 9 and November 9, until maturity on November 9, 2022.

The 2012 OBH Senior Notes and the SIG Senior Notes were issued under indentures that contain restrictive covenants which, among other things, limit the ability of OneBeacon Ltd., OBH, SIG and their respective subsidiaries to create liens and enter into sale and leaseback transactions and limits the ability of OneBeacon Ltd., OBH, SIG and their respective subsidiaries to consolidate, merge or transfer their properties and assets. The indentures do not contain any financial ratios or specified levels of net worth or liquidity to which OneBeacon Ltd., OBH or SIG must adhere. At March 31, 2014, OneBeacon Ltd., OBH and SIG were in compliance with all of the covenants under the 2012 OBH Senior Notes and the SIG Senior Notes, and anticipate they will continue to remain in compliance with these covenants for the foreseeable future.
In addition, a failure by OneBeacon Ltd. subsidiaries to pay principal and interest on covered debt, where such failure results in the acceleration of at least $75 million of the principal amount of covered debt, could trigger the acceleration of the 2012 OBH Senior Notes. A failure by SIG subsidiaries to pay principal and interest on covered debt, where such failure results in the acceleration of at least $25 million of the principal amount of covered debt, could trigger the acceleration of the SIG Senior Notes.

Interest Rate Cap
In May 2007, SIG issued the SIG Preference Shares, with an initial fixed annual dividend rate of 7.506%. In June 2017, the fixed rate will move to a floating rate equal to the greater of (i) 7.506% and (ii) 3-month LIBOR plus 320 bps. In July 2013, SIG executed a 5-year forward LIBOR cap (the “Interest Rate Cap”) for the period from June 2017 to June 2022 to protect against a significant increase in interest rates during that 5-year period. The Interest Rate Cap economically fixes the annual dividend rate on the SIG Preference Shares from June 2017 to June 2022 at 8.30%. The cost of the Interest Rate Cap was an upfront premium of 395 bps of the $250 million notional value, or $10 million for the full notional amount.

Capital Lease
In December 2011, OneBeacon sold the majority of its fixed assets and capitalized software. OneBeacon entered into lease financing arrangements with US Bancorp Equipment Finance, Inc. (“US Bancorp”) and Fifth Third Equipment Finance Company (“Fifth Third”) whereby OneBeacon sold furniture and equipment and capitalized software, respectively, at a cost equal to net book value. OneBeacon then leased the fixed assets back from US Bancorp for a lease term of five years and leased the capitalized software back from Fifth Third for a lease term of four years. OneBeacon received cash proceeds of $23 million as a result of entering into the sale-leaseback transactions. At the end of the lease terms, OneBeacon will have the obligation to purchase the leased assets for a nominal fee, after which all rights, title and interest would transfer back. As of March 31, 2014, OneBeacon had a capital lease obligation of $11 million included within other liabilities and a capital lease asset of $10 million included within other assets.

Share Repurchases

During the past several years, White Mountains’s board of directors has authorized the Company to repurchase its common shares, from time to time, subject to market conditions. The repurchase authorizations do not have a stated expiration date. As of March 31, 2014, White Mountains may repurchase an additional 529,648 shares under these board authorizations. In addition, from time to time White Mountains has also repurchased its common shares through tender offers that were separately approved by its board of directors.
During the three months ended March 31, 2014, the Company repurchased 26,323 common shares for $15 million at an average share price of $586, which was 89% of White Mountains’s adjusted book value per share of $656 at March 31, 2014. These repurchases were comprised of 15,848 common shares repurchased under the board authorization for $9 million at an average share price of $577 and 10,475 common shares repurchased pursuant to employee benefit plans. Shares repurchased pursuant to employee benefit plans do not fall under the board authorizations referred to above.

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Cash Flows

Detailed information concerning White Mountains's cash flows during the three months ended March 31, 2014 and 2013 follows:

Cash flows from operations for the three months ended March 31, 2014 and 2013

Net cash flows used for continuing operations were $33 million and $184 million in the first three months of 2014 and 2013, respectively. A decrease in cash flows from continuing operations in the first three months of 2014 from the settlements and purchases of derivative instruments at WM Life Re and payments made on losses related to hurricane Sandy was partially offset by an increase at OneBeacon due to net cash flows driven by new business. The net use of cash for continuing operations for the first three months of 2013 was primarily due to payments made on losses related to hurricane Sandy and major catastrophes in 2010 and 2011, primarily from earthquakes in Chile, Japan and New Zealand, as well as commutations and runoff of Sirius Group's casualty business. Net cash flows used for discontinued operations was $15 million and $41 million in the first three months of 2014 and 2013, respectively. The cash outflows from discontinued operations in the first three months of 2014 and 2013 were primarily due to the runoff of reserves related to businesses that OneBeacon has agreed to sell to Armour.

White Mountains does not believe that these trends will have a meaningful impact on its future liquidity or its ability to meet its future cash requirements.

Cash flows from investing and financing activities for the three months ended March 31, 2014

Financing and Other Capital Activities

During the first quarter of 2014, the Company declared and paid a $6 million cash dividend to its common shareholders.

During the first quarter of 2014, the Company repurchased and retired 26,323 of its common shares for $15 million, which included 10,475 common shares repurchased under employee benefit plans.

During the first quarter of 2014, OneBeacon Ltd. declared and paid $20 million of cash dividends to its common shareholders. White Mountains received a total of $15 million of these dividends.

During the first quarter of 2014, White Mountains contributed $15 million to WM Advisors.

During the first quarter of 2014, Sirius Group paid $13 million of interest on the SIG Senior Notes.

Acquisitions and Dispositions

During the first quarter of 2014, White Mountains Solutions completed the shell sale of Citation and received $13 million as consideration.

On March 14, 2014, White Mountains acquired 60% of the outstanding Class A common units of QuoteLab for an initial purchase price of $28 million.

On February 19, 2014, White Mountains acquired 54% of the outstanding common shares of Wobi for NIS 14 million (approximately $4 million based upon the foreign exchange spot rate at the date of acquisition). In addition to the common shares, White Mountains also purchased NIS 13 million (approximately $4 million based upon the foreign exchange spot rate at the date of acquisition) of newly-issued convertible preferred shares of Wobi.

On January 31, 2014, White Mountains acquired certain assets and liabilities of Star & Shield Holdings LLC, including SSRM, the attorney-in-fact for SSIE, for a purchase price of $2 million. White Mountains also purchased $12 million of surplus notes issued by SSIE.

Cash flows from investing and financing activities for the three months ended March 31, 2013

Financing and Other Capital Activities

During the first quarter of 2013, the Company declared and paid a $6 million cash dividend to its common shareholders.

During the first quarter of 2013, the Company repurchased and retired 140,224 of its common shares for $79 million, which included 224 common shares repurchased under employee benefit plans.

During the first quarter of 2013, White Mountains repaid the $75 million that was outstanding under its previous credit facility at December 31, 2012. White Mountains also borrowed and repaid an additional $80 million under its previous credit facility during the quarter.
During the first quarter of 2013, OneBeacon Ltd. declared and paid $20 million of cash dividends to its common shareholders. White Mountains received a total of $15 million of these dividends.
During the first quarter of 2013, Sirius Group paid a $75 million cash dividends to its immediate parent. This dividend had been declared and accrued in December 2012.
During the first quarter of 2013, Sirius Group paid $13 million of interest on the SIG Senior Notes.
During the first quarter of 2013, White Mountains contributed $20 million to WM Life Re.

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Acquisitions and Dispositions
During the first quarter of 2013, White Mountains Solutions closed on the acquisition of Ashmere, a small runoff subsidiary of American International Group, for a purchase price of $10 million.
During the first quarter of 2013, OneBeacon completed the sale of Essentia and received $31 million as consideration.

FAIR VALUE CONSIDERATIONS

General
White Mountains records certain assets and liabilities at fair value in its consolidated financial statements, with changes therein recognized in current period earnings. In addition, White Mountains discloses estimated fair value for certain liabilities measured at historical or amortized cost. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (an exit price) at a particular measurement date. Fair value measurements are categorized into a hierarchy that distinguishes between inputs based on market data from independent sources (“observable inputs”) and a reporting entity’s internal assumptions based upon the best information available when external market data is limited or unavailable (“unobservable inputs”). Quoted prices in active markets for identical assets have the highest priority (“Level 1”), followed by observable inputs other than quoted prices including prices for similar but not identical assets or liabilities (“Level 2”), and unobservable inputs, including the reporting entity’s estimates of the assumptions that market participants would use, having the lowest priority (“Level 3”).
Assets and liabilities carried at fair value include substantially all of the investment portfolio; derivative instruments, both exchange traded and over the counter instruments; and reinsurance assumed liabilities associated with variable annuity benefit guarantees. Valuation of assets and liabilities measured at fair value require management to make estimates and apply judgment to matters that may carry a significant degree of uncertainty. In determining its estimates of fair value, White Mountains uses a variety of valuation approaches and inputs. Whenever possible, White Mountains estimates fair value using valuation methods that maximize the use of observable prices and other inputs. Where appropriate, assets and liabilities measured at fair value have been adjusted for the effect of counterparty credit risk.

Invested Assets
White Mountains’s invested assets that are measured at fair value include fixed maturity securities, common and preferred equity securities, convertible fixed maturity securities and interests in hedge funds and private equity funds. Where available, the estimated fair value of investments is based upon quoted prices in active markets. In circumstances where quoted prices are unavailable, White Mountains uses fair value estimates based upon other observable inputs including matrix pricing, benchmark interest rates, market comparables, and other relevant inputs. Where observable inputs are not available, the estimated fair value is based upon internal pricing models using assumptions that include inputs that may not be observable in the marketplace but which reflect management’s best judgment given the circumstances and consistent with what other market participants would use when pricing such instruments.
As of March 31, 2014, approximately 94% of the investment portfolio recorded at fair value was priced based upon quoted market prices or other observable inputs. Investments valued using Level 1 inputs include fixed maturity securities, primarily investments in U.S. Treasuries, common equity securities and short-term investments, which include U.S. Treasury Bills. Investments valued using Level 2 inputs comprise fixed maturity securities including corporate debt, state and other governmental debt, convertible fixed maturity securities and mortgage and asset-backed securities. Fair value estimates for investments that trade infrequently and have few or no observable market prices are classified as Level 3 measurements. Level 3 fair value estimates based upon unobservable inputs include White Mountains’s investments in hedge funds and private equity funds, as well as investments in certain debt securities, including asset-backed securities, where quoted market prices are unavailable. White Mountains determines when transfers between levels have occurred as of the beginning of the period. White Mountains uses brokers and outside pricing services to assist in determining fair values. For investments in active markets, White Mountains uses the quoted market prices provided by outside pricing services to determine fair value. The outside pricing services used

by White Mountains have indicated that if no observable inputs are available for a security, they will not provide a price.

In those circumstances, White Mountains estimates the fair value using industry standard pricing models and observable inputs such as benchmark interest rates, market comparables, broker quotes, issuer spreads, bids, offers, credit rating prepayment speeds and other relevant inputs. White Mountains performs procedures to validate the market prices obtained from the outside pricing sources. Such procedures, which cover substantially all of its fixed maturity investments include, but are not limited to, evaluation of model pricing methodologies and review of the pricing services' quality control processes and procedures on at least an annual basis, comparison of market prices to prices obtained from different independent pricing vendors on at least a semi-annual basis, monthly analytical reviews of certain prices, and review of assumptions utilized by the pricing service for selected measurements on an ad hoc basis throughout the year. White Mountains also performs back-testing of selected sales activity to determine whether there are any significant differences between the market price used to value the security prior to sale and the actual sale price on an ad-hoc basis throughout the year. Prices provided by the pricing services that vary by more than 5% and $1 million from the expected price based on these procedures are considered outliers. Also considered outliers are prices that have not changed from period to period and prices that have trended unusually compared to market conditions. In circumstances where the results of White Mountains's review process do not appear to support the market price provided by the pricing services, White Mountains challenges the price. The fair values of such securities are considered to be Level 3 measurements.

Variable Annuity Reinsurance Liabilities

White Mountains has entered into agreements to reinsure death and living benefit guarantees associated with certain variable annuities in Japan. White Mountains carries the benefit guarantees at fair value. The fair value of the guarantees is estimated using actuarial and capital market assumptions related to the projected discounted cash flows over the term of the reinsurance agreement. The valuation uses assumptions about surrenders rates, market volatilities and other factors, and includes a risk margin which represents the additional compensation a market participant would require to assume the risks related to the business. The selection of surrender rates, market volatility assumptions, risk margins and other factors require the use of significant management judgment. Assumptions regarding future policyholder behavior, including surrender and lapse rates, are generally unobservable inputs and significantly impact the fair value estimate. Market conditions including, but not limited to, changes in interest rates, equity indices, market volatility and foreign currency exchange rates as well as variations in actuarial assumptions regarding policyholder behavior may result in significant fluctuations in the fair value of the liabilities associated with these guarantees that could materially affect results of operations. All of White Mountains's variable annuity reinsurance liabilities ($54 million) were classified as Level 3 measurements at March 31, 2014.

WM Life Re projects future surrender rates by year for policies based on a combination of actual experience and expected policyholder behavior. Actual policyholder behavior, either individually or collectively, may differ from projected behavior as a result of a number of factors such as the level of the account value versus guarantee value and applicable surrender charge, views of the primary insurance company's financial strength and ability to pay the guarantee at maturity, annuitants' need for money in a prolonged recession and time remaining to receive the guarantee at maturity. Policyholder behavior is especially difficult to predict given that WM Life Re's reinsurance contracts are relatively new and the market turmoil seen over the last several years is unprecedented for this type of product in the Japanese market. Actual policyholder behavior may differ materially from WM Life Re's projections.

At the account value levels as of March 31, 2014, the average assumed surrender rate was approximately 17% per annum. The potential change in the fair value of the liability due to a change in current surrender assumptions is as follows:

	Change in fair value of liability	
Millions	March 31, 2014	December 31, 2013
Decrease 100% (to zero surrenders)	$6	$8
Increase 100%	$(4)	$(7)

The amounts in the table above could increase in the future if the fair value of the variable annuity guarantee liability changes due to factors other than the surrender assumptions (e.g., a decline in the ratio of the annuitants' aggregate account values to their aggregate guarantee values).

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NON-GAAP FINANCIAL MEASURES

This report includes three non-GAAP financial measures that have been reconciled to their most comparable GAAP financial measures. White Mountains believes these measures to be more relevant than comparable GAAP measures in evaluating White Mountains's results of operations and financial condition.

Adjusted comprehensive income is a non-GAAP financial measure that excludes the change in equity in net unrealized gains and losses from Symetra's fixed maturity portfolio, net of applicable taxes, from comprehensive income. In the calculation of comprehensive income under GAAP, fixed maturity investments are marked-to-market while the liabilities to which those assets are matched are not. Symetra attempts to earn a "spread" between what it earns on its investments and what it pays out on its products. In order to try to fix this spread, Symetra invests in a manner that tries to match the duration and cash flows of its investments with the required cash outflows associated with its life insurance and structured settlements products. As a result, Symetra typically earns the same spread on in-force business whether interest rates fall or rise. Further, at any given time, some of Symetra's structured settlement obligations may extend 40 or 50 years into the future, which is further out than the longest maturing fixed maturity investments regularly available for purchase in the market (typically 30 years). For these long-dated products, Symetra is unable to fully match the obligation with assets until the remaining expected payout schedule comes within the duration of securities available in the market. If at that time, these fixed maturity investments have yields that are lower than the yields expected when the structured settlement product was originally priced, the spread for the product will shrink and Symetra will ultimately harvest lower returns for its shareholders. GAAP comprehensive income increases when rates decline, which would suggest an increase in the value of Symetra - the opposite of what is happening to the intrinsic value of the business. Therefore, White Mountains's management and Board of Directors use adjusted comprehensive income when assessing Symetra's quarterly financial performance. In addition, this measure is typically the predominant component of change in adjusted book value per share, which is used in calculation of White Mountains's performance for both short-term (annual bonus) and long-term incentive plans. The reconciliation of adjusted comprehensive income to comprehensive income is included on page 44.

Adjusted book value per share is a non-GAAP measure which is derived by expanding the GAAP calculation of book value per White Mountains common share to exclude equity in net unrealized gains and losses from Symetra's fixed maturity portfolio, net of applicable taxes. In addition, the number of common shares outstanding used in the calculation of adjusted book value per share is adjusted to exclude unearned restricted common shares, the compensation cost of which, at the date of calculation, has yet to be amortized. The reconciliation of adjusted book value per share to GAAP book value per share is included on page 44.

Total capital at White Mountains is comprised of White Mountains's common shareholders' equity, debt and non-controlling interest in OneBeacon Ltd., HG Global and the SIG Preference Shares. Total adjusted capital excludes the equity in net unrealized gains and losses from Symetra's fixed maturity portfolio, net of applicable taxes from total capital. The reconciliation of total capital to total adjusted capital is included on page 62.

CRITICAL ACCOUNTING ESTIMATES

Refer to the Company's 2013 Annual Report on Form 10-K for a complete discussion regarding White Mountains's critical accounting estimates.

FORWARD-LOOKING STATEMENTS

This report may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included or referenced in this report which address activities, events or developments which White Mountains expects or anticipates will or may occur in the future are forward-looking statements. The words “will”, “believe”, “intend”, “expect”, “anticipate”, “project”, “estimate”, “predict” and similar expressions are also intended to identify forward-looking statements. These forward-looking statements include, among others, statements with respect to White Mountains’s:

- changes in adjusted book value per share or return on equity;
- business strategy;
- financial and operating targets or plans;
- incurred loss and loss adjustment expenses and the adequacy of its loss and loss adjustment expense reserves and related reinsurance;
- projections of revenues, income (or loss), earnings (or loss) per share, dividends, market share or other financial forecasts;
- expansion and growth of its business and operations; and
- future capital expenditures.

These statements are based on certain assumptions and analyses made by White Mountains in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate in the circumstances. However, whether actual results and developments will conform with its expectations and predictions is subject to a number of risks and uncertainties that could cause actual results to differ materially from expectations, including:

- the risks associated with Item 1A of White Mountains’s 2013 Annual Report on Form 10-K;
- claims arising from catastrophic events, such as hurricanes, earthquakes, floods, fires, terrorist attacks or severe winter weather;
- the continued availability of capital and financing;
- general economic, market or business conditions;
- business opportunities (or lack thereof) that may be presented to it and pursued;
- competitive forces, including the conduct of other property and casualty insurers and reinsurers;
- changes in domestic or foreign laws or regulations, or their interpretation, applicable to White Mountains, its competitors or its customers;
- an economic downturn or other economic conditions adversely affecting its financial position;
- recorded loss reserves subsequently proving to have been inadequate;
- actions taken by ratings agencies from time to time, such as financial strength or credit ratings downgrades or placing ratings on negative watch; and
- other factors, most of which are beyond White Mountains’s control.

Consequently, all of the forward-looking statements made in this report are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by White Mountains will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, White Mountains or its business or operations. White Mountains assumes no obligation to publicly update any such forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Refer to White Mountains’s 2013 Annual Report on Form 10-K and in particular Item 7A. - “Quantitative and Qualitative Disclosures About Market Risk”. As of March 31, 2014, there were no material changes in the market risks as described in White Mountains’s most recent Annual Report.

Item 4. Controls and Procedures.

The Principal Executive Officer ("PEO") and the Principal Financial Officer ("PFO") of White Mountains have evaluated the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the PEO and PFO have concluded that White Mountains's disclosure controls and procedures are adequate and effective.
There were no significant changes with respect to the Company's internal control over financial reporting or in other factors that materially affected, or are reasonably likely to materially affect, internal control over financial reporting during the quarter ended March 31, 2014.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings.

Refer to White Mountains's 2013 Annual Report on Form 10-K and in particular Item 3. - "Legal Proceedings". As of March 31, 2014, there were no material changes in the legal proceedings as described in White Mountains's most recent Annual Report.

Item 1A. Risk Factors.

There have been no material changes to any of the risk factors previously disclosed the Registrant's 2013 Annual Report on Form 10-K.

Item 2. Issuer Purchases of Equity Securities.

Months	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan [1]	Maximum Number of Shares that May Yet Be Purchased Under the Plan [1]
January 1-January 31, 2014	9,622	$ 603.08	—	545,496
February 1-February 28, 2014	7,464	$ 575.61	6,611	538,885
March 1-March 31, 2014	9,237	$ 577.82	9,237	529,648
Total	26,323	$ 586.42	15,848	529,648

(1) On November 17, 2006, White Mountains's board of directors authorized the Company to repurchase up to 1 million of its common shares, from time to time, subject to market conditions. On August 26, 2010 and May 25, 2012, White Mountains's board of directors authorized the Company to repurchase up to an additional 600,000 and 1,000,000, respectively, common shares, for a total authorization of 2.6 million shares. Shares may be repurchased on the open market or through privately negotiated transactions. The repurchase authorization does not have a stated expiration.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

(a) Exhibits

10.1	—	Amended and Restated Surplus Note Purchase Agreement Between Build America Mutual Assurance Company, as Issuer and HG Holdings Ltd. and HG Re Ltd. as Purchasers Dated as of January 1, 2014. *
11	—	Statement Re Computation of Per Share Earnings. **
31.1	—	Principal Executive Officer Certification Pursuant to Rule 13a-14 (a) of the Securities Exchange Act of 1934, as Amended. *
31.2	—	Principal Financial Officer Certification Pursuant to Rule 13a-14 (a) of the Securities Exchange Act of 1934, as Amended. *
32.1	—	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
32.2	—	Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
101.1	—	The following financial information from White Mountains's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 formatted in XBRL: (i) Consolidated Balance Sheets, March 31, 2014 and December 31, 2013; (ii) Consolidated Statements of Operations and Comprehensive Income, Three Months Ended March 31, 2014 and 2013; (iii) Consolidated Statements of Changes in Equity, Three Months Ended March 31, 2014 and 2013; (iv) Consolidated Statements of Cash Flows, Three Months Ended March 31, 2014 and 2013; and (v) Notes to Consolidated Financial Statements. *

* Included herein

** Not included as an exhibit as the information is contained elsewhere within this report. See Note 10 of the Notes to Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WHITE MOUNTAINS INSURANCE GROUP, LTD.
(Registrant)

Date: April 28, 2014

By: /s/ J. Brian Palmer
J. Brian Palmer
Vice President and Chief Accounting Officer