WHITE MOUNTAINS INSURANCE GROUP LTD
Form DEF 14A
September 01, 2004

QuickLinks -- Click here to rapidly navigate through this document

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

SCHEDULE 14A

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

Filed by the Registrant o

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

White Mountains Insurance Group, Ltd.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

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

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Notice of 2004 Annual General Meeting of Members and Proxy Statement

Table of Contents

White Mountains Insurance Group, Ltd. (the "Company" and, together with its subsidiaries, "White Mountains") is a Bermuda-domiciled financial services holding company. White Mountains' operations are conducted through its subsidiaries and affiliates in the businesses of property and casualty insurance and reinsurance.

White Mountains' property and casualty insurance and reinsurance operations principally include: (i) OneBeacon Insurance Group LLC ("OneBeacon", formerly CGU Corporation), an insurance holding company; (ii) White Mountains Re Group, Ltd. ("White Mountains Re"), a holding company which combines Folksamerica Holding Company, Inc. ("Folksamerica"), a reinsurance holding company, and The Sirius Insurance Group, a collection of international insurers and reinsurers and (iii) Esurance, Inc. ("Esurance"), a marketer of personal auto insurance directly to customers and through select online agents. White Mountains' invested assets are managed by White Mountains Advisors LLC ("WM Advisors"), a wholly-owned registered investment advisor.

The 2004 Annual General Meeting will be confined to a Member vote on the proposals set forth in this Proxy Statement and on such other matters properly brought before the meeting.

WHITE MOUNTAINS INSURANCE GROUP, LTD.
NOTICE OF 2004 ANNUAL GENERAL MEETING OF MEMBERS
TO BE HELD OCTOBER 21, 2004

August 30, 2004

Notice is hereby given that the 2004 Annual General Meeting of Members of White Mountains Insurance Group, Ltd. will be held on Thursday, October 21, 2004, at 12:00 noon Atlantic Time at the Fairmont Hamilton Princess Hotel, Hamilton, Bermuda. At this meeting you will be asked to consider and vote upon the following proposals:

1) to elect five of the Company's directors to Class I with a term ending in 2007,

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

3) to elect the Boards of Directors of Fund American Reinsurance Company, Ltd. and Scandinavian Reinsurance Company Ltd., both wholly-owned reinsurance companies organised under the laws of Bermuda,

4) to elect the Board of Directors of any new non-United States operating subsidiary, as designated by the Company's Board of Directors,

5) to approve the appointment of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm for 2004.

The Company's audited financial statements for the year ended December 31, 2003, as approved by the Company's Board of Directors, will be presented at this Annual General Meeting.

Members of record of common shares on the record date, Friday, August 27, 2004, (i) who are individuals, may attend and vote at the meeting in person or by proxy or (ii) which are corporations or other entities, may have their duly authorised representative attend and vote at the meeting in person or by proxy. A list of all Members entitled to vote at the meeting will be open for public examination during regular business hours beginning on or about September 7, 2004 at the Company's registered office located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

All Members are invited to attend this meeting.

By Order of the Board of Directors,

Dennis P. Beaulieu
Corporate Secretary

Members are invited to complete and sign the accompanying proxy card to be returned to White Mountains Insurance Group, Ltd., c/o EquiServe, P.O. Box 8694, Edison, New Jersey, 08818-8694, in the envelope provided, whether or not they expect to attend the meeting. Members who hold their common shares in a brokerage account, an employee benefit plan or through a nominee may have the added flexibility of voting their shares by telephone or over the internet.

WHITE MOUNTAINS INSURANCE GROUP, LTD.

PROXY STATEMENT

This Proxy Statement is being furnished in connection with the solicitation of proxies on behalf of the Company's Board of Directors (the "Board") for the 2004 Annual General Meeting of Members (the "2004 Annual Meeting"), to be held on Thursday, October 21, 2004 at the Fairmont Hamilton Princess Hotel, Hamilton, Bermuda. The solicitation of proxies will be made primarily by mail, and the Proxy Statement and related proxy materials will be distributed to registered Members on or about August 30, 2004.

Holders of the Company's common shares ("Members"), par value $1.00 per share ("Common Shares"), as of the close of business on Friday, August 27, 2004, the record date, are entitled to vote at the meeting.

You can ensure that your Common Shares are properly voted at the meeting by completing, signing, dating and returning the enclosed proxy card in the envelope provided. Members who hold their Common Shares in a brokerage account, an employee benefit plan or through a nominee may have the added flexibility of voting by telephone or over the internet. A Member has the right to appoint another person (who need not be a Member) to represent the Member at the meeting by completing an alternative form of proxy which can be obtained from the Corporate Secretary or by notifying the Inspectors of Election (see page 29). Every Member entitled to vote has the right to do so either in person or by one or more persons authorised by a written proxy executed by such Member and filed with the Corporate Secretary. Any proxy duly executed will continue in full force and effect unless revoked by the person executing it in writing or by the filing of a subsequent proxy.

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

PROPOSAL 1

ELECTION OF THE COMPANY'S DIRECTORS

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

At the 2004 Annual Meeting, Ms. Holiday and Messrs. Berkowitz, Fass, Steinberg and Smith are nominated to be elected to Class I with terms ending in 2007. **The Board recommends a vote FOR Proposal 1 which calls for the election of the 2004 nominees.**

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

Director	Age	Director since
Class I Term Ending in 2004		
Bruce R. Berkowitz	46	2004
Steven E. Fass	58	2000
Edith E. Holiday	52	2004
Joseph S. Steinberg	60	2001
Class II Term Ending in 2005		
John J. ("Jack") Byrne	72	1985
George J. Gillespie, III	74	1986
John D. Gillespie	45	1999
Frank A. Olson	72	1996
Class III Term Ending in 2006		
Raymond Barrette	54	2000
Howard L. Clark, Jr.	60	1986
Robert P. Cochran	54	1994
Lowndes A. Smith	64	2003
Arthur Zankel	72	1992

In order to assist the Company in achieving its goal of having a Board with a majority of independent directors, Messrs. Gordon S. Macklin and Allan L. Waters, each current members of Class I, have chosen not to stand for re-election at the 2004 Annual Meeting.

Of the nominees for election at the 2004 Annual Meeting, Messrs. Fass and Steinberg were previously elected by shareholders. With respect to the other nominees, an Executive Officer of the Company initially recommended Mr. Smith for appointment to the Board and non-management directors of the Company initially recommended Mr. Berkowitz and Ms. Holiday for appointment to the Board.

The following information presents the principal occupation, business experience, recent business activities involving White Mountains and other affiliations of the nominees and directors.

Class I

Bruce R. Berkowitz has been a director of the Company since May 2004. Mr. Berkowitz serves as Founder and Managing Member of Fairholme Capital Management, L.L.C., a registered investment adviser, and as President and Director of Fairholme Funds, Inc., investment adviser to The Fairholme Fund. Prior to founding Fairholme Capital in 1997, Mr. Berkowitz was a portfolio manager at Smith Barney, Inc. and Lehman Brothers Holdings, Inc. Mr. Berkowitz also serves as Deputy Chairman and director of Olympus Re Holdings, Ltd. ("Olympus") and as a member of the Board of Trustees of First Union Real Estate and Mortgage Investments organization.

Steven E. Fass has been a director of the Company since February 2000. Mr. Fass has served as President and CEO of White Mountains Re since May 2004. Mr. Fass previously served as President and CEO of Folksamerica and its subsidiaries including Folksamerica Reinsurance Company from 1984 to 2004. Mr. Fass is also a director of several White Mountains subsidiaries.

Edith E. Holiday was appointed a director of the Company in August 2004. Ms. Holiday has served as Operating Trustee for TWE Holdings I, II, III Trusts since 2002. Ms. Holiday formerly served as Assistant to the President of the United States and Secretary of the Cabinet from 1990 to 1993 and as General Counsel to the United States Treasury Department from 1989 to 1990. She is also a director of Amerada Hess Corporation, Canadian National Railway Company, H. J. Heinz Company and RTI International Metals and is a director or trustee of various investment companies in the Franklin Templeton Group of Mutual Funds.

Joseph S. Steinberg has been a director of the Company since June 2001. Mr. Steinberg has served as the President of Leucadia National Corporation ("Leucadia") since 1979. Mr. Steinberg is also a director of Leucadia, MK Resources Company, Finova Group, Inc. and Jordan Industries, Inc. In addition, Mr. Steinberg is Chairman of Olympus and HomeFed Corporation.

Class II

Jack Byrne has been a director of the Company since 1985. Mr. Byrne formerly served as Chairman of the Company from 1985 to November 2003, as CEO of the Company from February 2002 to December 2002, as Chairman of the Board of Managers of OneBeacon from June 2001 to December 2001, as CEO of the Company from January 2000 to June 2001, as President and CEO of the Company from 1990 to 1997 and as CEO from 1985 to 1990. Mr. Byrne also serves as a director of Montpelier and Symetra Financial Corporation ("Symetra").

George J. Gillespie, III was appointed Chairman of the Company in November 2003 and has been a director of the Company since 1986. Mr. Gillespie has been a Partner in the law firm of Cravath, Swaine & Moore LLP ("CS&M") since 1963. He is also a director of The Washington Post Company. CS&M has been retained by White Mountains from time to time to perform legal services. See "Certain Relationships and Related Transactions" and "Compensation Committee Interlocks and Insider Participation in Compensation Decisions." Mr. Gillespie's son, John Gillespie, is Deputy Chairman and is Chairman and President of WM Advisors.

John D. Gillespie has been a director of the Company since 1999 and serves as Deputy Chairman of the Company and Chairman and President of WM Advisors. Mr. Gillespie served as a Managing Director of OneBeacon from June 2001 to 2003. He is also the founder and Managing Partner of Prospector Partners, LLC ("Prospector"). Prior to forming Prospector, Mr. Gillespie was President of the T. Rowe Price Growth Stock Fund and the New Age Media Fund, Inc. Mr. Gillespie serves as a director of Montpelier Re Holdings Ltd. ("Montpelier"), Symetra and several White Mountains subsidiaries. White Mountains owns limited partnership investment interests which are managed by Mr. Gillespie. See "Certain Relationships and Related Transactions." Mr. Gillespie's father, George Gillespie, is Chairman of the Company.

Frank A. Olson has been a director of the Company since 1996. Mr. Olson is Chairman Emeritus of The Hertz Corporation ("Hertz"). Mr. Olson served as the CEO of Hertz from 1977 to 1999 and has been with that company since 1964. He is also a director of Franklin Templeton Investments Corp., Amerada Hess Corporation and Becton, Dickinson and Company.

Class III

Raymond Barrette was appointed President and CEO of the Company on January 1, 2003 and has been a director since 2000. Mr. Barrette was CEO of OneBeacon from June 2001 to December 2002 and remains its Chairman. Mr. Barrette joined White Mountains Insurance Group in November 1997 as Executive Vice President and Chief Financial Officer. He was President from January 2000 to June 2001. Prior to joining White Mountains Mr. Barrette had 23 years of experience in the insurance business, mostly at Fireman's Fund Insurance Company. He is also Lead Director of Montpelier, and is a director of several White Mountains subsidiaries.

Howard L. Clark, Jr. has been a director or advisor to the Board since 1986. He is currently Vice Chairman of Lehman Brothers, Inc. ("Lehman") and was Chairman and CEO of Shearson Lehman

Brothers Inc. from 1990 to 1993. Prior to joining Shearson Lehman Brothers Inc., Mr. Clark was Executive Vice President and Chief Financial Officer of American Express Company. He is also a director of Lehman Brothers, Maytag Corporation, United Rentals, Inc. and Walter Industries, Inc. Lehman provides various services to White Mountains from time to time. See "Certain Relationships and Related Transactions" and "Compensation Committee Interlocks and Insider Participation in Compensation Decisions."

Robert P. Cochran has been a director of the Company since 1994. Mr. Cochran was a founding principal of Financial Security Assurance Holdings Ltd. ("FSA") and has served FSA in various capacities since 1985. He has been President and CEO and a director of FSA since 1990 and became Chairman in 1997. He is also Chairman of Financial Security Assurance Inc. and Financial Security Assurance (U.K.) Ltd.

Lowndes A. Smith was appointed a director of the Company in November 2003. Mr. Smith formerly served as Vice Chairman of The Hartford Financial Services Group and President and CEO of Hartford Life Insurance Company. He joined The Hartford in 1968. Mr. Smith is also a director of Hartford Mutual Fund and is Chairman of the Connecticut Children's Medical Center.

Arthur Zankel has been a director or advisor to the Board since 1992. Mr. Zankel is currently Senior Managing Member of High Rise Capital Advisors LLC. He served as a General Partner of First Manhattan Co. from 1965 to 1999 and was Co-Managing Partner of First Manhattan from 1979 to 1997. White Mountains owns limited partnership investment interests which are managed by Mr. Zankel. See "Certain Relationships and Related Transactions" and "Compensation Committee Interlocks and Insider Participation in Compensation Decisions."

CORPORATE GOVERNANCE

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

The Company also has a Code of Business Conduct that applies to all directors, officers and employees in carrying out their responsibilities to and on behalf of the Company.

The Company's Corporate Governance Guidelines and Code of Business Conduct are available at *www.whitemountains.com*.

The Board

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

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

Committees of the Board

Audit Committee

The Audit Committee principally performs the following functions: (1) engaging the independent auditor, subject to Member approval, and negotiating the audit fee on behalf of the Board; (2) reviewing with the independent auditor the plan, scope and results of the audit and any recommendations the independent auditor may have for improving or changing the audit and control environment; (3) reviewing and pre-approving any audit, audit-related and non-audit related services the independent auditor performs (including associated fees) and considers the effect, if any, this may have on their independence; (4) reviewing with our internal auditors the plan, scope and results of their audits and investigations; (5) discussing with management, the independent auditor and our internal auditors the adequacy of internal accounting controls and discussing with each of them, independently of the other, any recommendations on matters that any of them considers to be of importance; (6) reviewing White Mountains' accounting principles and its financial reporting policies and practices; (7) reviewing the integrity of White Mountains' annual and interim financial statements, earnings releases and other financial information prior to their release to the public; (8) monitoring the Company's compliance with legal and regulatory requirements and other applicable standards; and (9) undertaking other duties as assigned by the Board. The Audit Committee currently consists of Messrs. Smith (as Chairman), Berkowitz, Olson and Steinberg.

The Board has determined that each current member of the Audit Committee meets applicable NYSE listing standards.

The Audit Committee Charter, which outlines the duties and responsibilities of the committee, is included herein as Exhibit A and is also available at *www.whitemountains.com.*

Through February 25, 2004, the Audit Committee consisted of Messrs. Clark (as Chairman), Olson, Steinberg and Zankel. The changes to the Audit Committee during 2004 were made in response to the revised New York Stock Exchange ("NYSE") listing standards' definition of independence for audit committee members.

Compensation Committee

The Compensation Committee reviews and makes recommendations to the Board on director and officer compensation and oversees the administration of White Mountains' incentive compensation plans. The Compensation Committee currently consists of Messrs. Cochran (as Chairman), Olson, Smith and Steinberg.

The Compensation Committee Charter, which outlines its primary duties and responsibilities, is available at *www.whitemountains.com*.

Prior to forming the Compensation Committee in response to the revised NYSE listing standards, White Mountains' cash-based compensation plans were administered by its former Human Resources Committee and its share-based compensation plans were administered by its former Compensation Sub-Committee. The Human Resources Committee consisted of Messrs. Cochran (as Chairman), Mark J. Byrne (a former director), Clark, K. Thomas Kemp (a former director), George Gillespie, Macklin, Olson, Steinberg and Zankel and the Compensation Sub-Committee consisted of Messrs. Cochran (as Chairman), Mark Byrne, Macklin, Olson, Steinberg and Zankel.

Nominating and Governance Committee

The Nominating and Governance Committee was formed in February 2004 and is comprised of Messrs. Clark (as Chairman), Cochran, Olson and Steinberg. The Nominating and Governance Committee performs the following functions: (1) identifies individuals qualified to become directors and recommends such individuals to the Board for nomination; (2) makes recommendations to the Board concerning committee appointments; (3) develops, recommends and annually reviews corporate governance guidelines and oversees corporate governance matters; (4) coordinates and monitors an annual review of the Board's performance; and (5) considers candidates suggested by shareholders.

The Nominating Committee Charter, which outlines its primary duties and responsibilities, is available at *www.whitemountains.com.*

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

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

Procedures for Nominating Director Candidates. Shareholder proposals will be eligible for consideration for inclusion in the proxy statement and proxy relating to the Company's 2005 Annual Meeting of Shareholders pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended, if all applicable requirements of Rule 14a-8 are satisfied and such proposals are received timely by the Corporate Secretary as outlined below.

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

Meetings of the Board of Directors

During 2003, the following meetings of the Board were held: six meetings of the full Board, nine meetings of the Audit Committee, three meetings of the Human Resources Committee and two meetings of the Compensation Sub-Committee. During 2003, each director attended more than 75% of all meetings of the Board including its various committees, except Mr. Steinberg who was unable to attend three meetings of the full Board and Mr. Macklin who was unable to attend one meeting of the Human Resources Committee and one meeting of the Compensation Sub-Committee.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Voting Rights of Members

As of August 27, 2004, there were 10,769,451 Common Shares outstanding. Members of record of Common Shares shall be entitled to one vote per Common Share, provided that if and so long as the votes conferred by "Controlled Common Shares" (as defined below) of any person constitute ten percent (10%) or more of the votes conferred by the outstanding Common Shares of the Company, each outstanding Common Share comprised in such Controlled Common Shares shall confer only a fraction of a vote that would otherwise be applicable according to the following formula:

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

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

"Controlled Common Shares" in reference to any person means:

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

(ii) all Common Shares directly, indirectly or constructively owned by any person or "group" of persons within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder; provided that this clause (ii) shall not apply to (a) any person (or any group that includes any person) that has been exempted from the provisions of this clause or (b) any person or group that the Board, by the affirmative vote of at least seventy-five percent (75%) of the entire Board, may exempt from the provisions of this clause.

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

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

Principal Holders of Common Shares

To the knowledge of the Company, there was no person or entity beneficially owning more than 5% of the Common Shares outstanding as of August 27, 2004, except as shown below.

Name and address of beneficial owner	Number of Common Shares beneficially owned	Percent of Class
Franklin Mutual Advisers LLC 51 JFK Parkway, Short Hills, NJ 07078(a)	1,999,133	18.6%
Berkshire Hathaway Inc. ("Berkshire") 1440 Kiewit Plaza, Omaha, NE 68131	1,724,200	16.0%
Jack Byrne 80 South Main Street, Hanover, NH 03755(b)	1,036,277	9.6%

(a) The Common Shares beneficially owned by Franklin Mutual Advisers LLC ("Franklin") were acquired for investment purposes on behalf of client investment advisory accounts.

(b) Includes 631,333 Common Shares owned directly by several Grantor Retained Annuity Trusts ("GRATs") which are deemed to be indirectly owned by Mr. Byrne and are voted by the trustee of the GRATs. Also includes 50 Common Shares owned and voted by Mr. Byrne's spouse which he is deemed to indirectly beneficially own. Does not include 72,715 Common Shares contributed to trusts and charitable foundations for which Mr. Byrne disclaims beneficial ownership, but for which his spouse retains voting power.

Beneficial Stock Ownership of Directors and Executive Officers

The following table sets forth, as of August 27, 2004, beneficial ownership of Common Shares by each director of the Company, by each Named Executive Officer, and by all Directors and Executive Officers as a group.

	Number of Common Shares owned	
Directors and Executive Officers	**Beneficially(a)(b)**	**Economically(c)**
Raymond Barrette	26,028	117,999
Bruce R. Berkowitz(d)	83,500	83,500
Jack Byrne(e)	1,036,277	1,036,277
John P. Cavoores	1,465	17,465
Howard L. Clark, Jr.	1,000	1,000
Robert P. Cochran	25,000	25,000
Steven E. Fass	7,431	38,417
David T. Foy	0	21,000
George J. Gillespie, III	1,000	1,000
John D. Gillespie(f)	63,703	105,711
Edith E. Holiday	0	0
Gordon S. Macklin	15,000	15,000
Frank A. Olson	3,000	3,000
Lowndes A. Smith	1,000	1,000
Joseph S. Steinberg(g)	0	0
Allan L. Waters	3,792	3,792
Arthur Zankel	8,600	8,600
All Directors and Executive Officers as a group (20 persons)	1,277,291	1,503,506

(a)

The Common Shares beneficially owned by Mr. Byrne and all Directors and Executive Officers as a group represent 9.6% and 11.9% of the total Common Shares outstanding at August 27, 2004, respectively. No other Director or Executive Officer beneficially owned 1% or more of the total Common Shares outstanding at that date. Beneficial ownership has been determined in accordance with Rule 13d-3(d)(1) of the Securities Exchange Act of 1934.

(b)

Includes vested and unexercised options ("Options") to acquire 2,265 and 3,600 Common Shares for Messrs. Barrette and Fass, respectively. Excludes 10,000 and 3,000 unearned restricted Common Shares ("Restricted Shares") held by Messrs. Fass and Foy, respectively.

(c)

Common Shares shown as economically owned include Common Shares beneficially owned, unearned performance share awards at target, unvested Option awards, unearned Restricted Shares and earned phantom shares on compensation deferred.

(d)

Represents Common Shares owned by various investment funds in which Mr. Berkowitz is managing member. Mr. Berkowitz disclaims beneficial ownership of such Common Shares except to the extent of his pecuniary interest in such funds.

(e)

Includes 631,333 Common Shares owned directly by GRATs which are deemed to be indirectly owned by Mr. Byrne and are voted by the trustee of the GRATs. Also includes 50 Common Shares owned and voted by Mr. Byrne's spouse which he is deemed to indirectly beneficially own. Does not include 72,715 Common Shares contributed to trusts and charitable foundations for which Mr. Byrne disclaims beneficial ownership, but for which his spouse retains voting power.

(f)

Includes 62,000 Common Shares owned by various funds of Prospector in which Mr. Gillespie is either general manager or investment manager. Mr. Gillespie disclaims beneficial ownership of such Common Shares except to the extent of his pecuniary interest in such funds.

(g)

Does not include any interest in 375,000 Common Shares (approximately 3.5% of the total Common Shares outstanding on August 27, 2004) beneficially owned by Leucadia. Mr. Steinberg is the President and a Director of Leucadia and, together with certain family members, Mr. Steinberg currently beneficially owns approximately 13% of the common shares of Leucadia.

COMPENSATION OF DIRECTORS

Standard Arrangements

Directors who served during 2003 and who are not officers of White Mountains each received a director's retainer of $60,000 (with Messrs. Smith and Waters receiving a partial-year retainer of $30,000) and such directors also received fees of $4,000 for each Board meeting and committee meeting attended. Committee Chairmen also received an additional $25,000 for each committee they Chair. Each of the retainers mentioned above relate to the twelve month period from May 2003 through April 2004. In addition, Messrs. Byrne and George Gillespie also received additional retainers of $50,000 and $25,000 for the 2003 period in which they each served as Chairman of the Board. For 2004, Mr. George Gillespie's retainer as Chairman of the Board was increased to $200,000. Officers of White Mountains do not receive compensation for their role as a director.

Other Arrangements

Mr. Byrne was previously awarded 25,000 Restricted Shares which vested in June 2003. The value of such Restricted Shares earned by Mr. Byrne totalled $10,275,000.

In May 2003 all outstanding performance shares previously issued to Messrs. Byrne, Macklin and Waters were terminated early in light of proposed independence standards for directors and were paid in cash. The value of the performance shares deemed earned in May 2003 for Messrs. Byrne, Macklin and Waters totalled $10,206,900, $514,800 and $1,188,000, respectively.

Mr. Byrne received his awards of Restricted Shares and performance shares in connection with his service as an Executive Officer of the Company, Mr. Macklin received his award of performance shares in connection with his service as Deputy Chairman of the Company and Mr. Waters received his award of performance shares in connection with his service as an advisor to the Company.

COMPENSATION OF EXECUTIVE OFFICERS

The following tables set forth certain information regarding the salary, incentive compensation and benefits paid by White Mountains with respect to 2003 to its CEO and its four most highly compensated Executive Officers (collectively, the "Named Executive Officers").

					Long-Term Compensation			
		Annual Compensation			Awards		Payouts	
Name and Current Principal Position	Year	Salary($)	Bonus($)	Other Annual Compensation($)	Restricted Share Awards ($)(a)	Securities Underlying Options(#)	LTIP Payouts ($)(b)	All Other Compensation ($)(c)(d)
Raymond Barrette	2003	400,000	250,000	0	0	0	10,273,313	56,539
President and CEO	2002	400,000	260,000	0	0	0	6,510,000	149,090
	2001	400,000	0	0	7,044,500	0	3,960,000	41,016
John D. Gillespie	2003	400,000	305,000	0	0	0	10,273,313	62,317
President of WM Advisors	2002	400,000	330,000	0	0	0	0	66,037
	2001	400,000	110,000	0	1,384,000	0	0	3,219
Steven E. Fass(e)	2003	466,000	700,000	0	0	0	2,222,162	16,019
President and CEO of White	2002	466,000	700,000	0	0	0	1,726,440	31,062
Mountains Re	2001	466,000	0	0	865,000	0	244,845	26,310
David T. Foy(f) Executive Vice President an Chief Financial Officer	2003	307,692	700,000	0	1,023,000	0	0	0
John P. Cavoores	2003	400,000	200,000	0	0	0	4,109,325	70,524
President and CEO of	2002	400,000	320,000	0	0	0	0	46,292
OneBeacon	2001	400,000	200,000	0	519,000	0	0	33,818

(a) Represents the value of Restricted Share awards under White Mountains' Long-Term Incentive Plan, as amended, (the "Incentive Plan") as of their respective award dates. Restricted Shares vest over a fixed term from the date of grant based on continuous service by the employee throughout such period. Restricted Shares are considered outstanding Common Shares when awarded and are therefore entitled to Common Share dividends when declared and paid. The Company awarded Mr. Foy 3,000 Restricted Shares in April 2003 which are scheduled to vest in April 2006. The market value of Mr. Foy's unvested Restricted Shares totalled $1,379,850 as of December 31, 2003. The Company awarded Messrs. Barrette, Gillespie, Fass and Cavoores 17,000; 4,000; 2,500 and 1,500 Restricted Shares in June 2001, respectively, which were scheduled to vest in June 2003 and awarded Mr. Barrette 3,750 Restricted Shares in February 2001 which were scheduled to vest in December 2002 (see note (d) below).

(b) Represents Performance Shares earned under the Incentive Plan and, for Mr. Fass, cash awards earned under the Folksamerica Holding Company, Inc. Performance Share Plan and the Folksamerica Holding Company, Inc. Long-term Incentive Plan.

(c) Amounts include, when applicable, 401(k) Savings Plan employer matching contributions (which did not exceed $12,000 per individual), director fees and retainers paid by companies in which White Mountains is entitled to board representation and imputed income items relating primarily to corporate-provided housing, personal use of White Mountains' aircraft and the value of life insurance provided in excess of $50,000 of coverage. The amounts for 2003 relating to such imputed income items for Messrs. Barrette, Gillespie, Fass, Foy and Cavoores were $12,789; $567; $4,019; $0 and $70,524, respectively. The amounts for 2003, 2002 and 2001 relating to director fees and retainers of affiliates include $31,750; $51,500 and $9,685 for Mr. Barrette and $57,750; $57,000 and $0 for Mr. Gillespie.

(d) During 2003, the Company repurchased from Messrs. Barrette, Gillespie and Fass 17,000; 4,000 and 2,500 Restricted Shares, respectively, and in December 2002 repurchased from Mr. Barrette 3,750 Restricted Shares, in each case for $.01 per share. Each were granted an amount equivalent to the market value of such Restricted Shares (2003: $6,987,000 for Mr. Barrette, $1,644,000 for Mr. Gillespie and $1,027,500 for Mr. Fass; 2002:

$1,218,750 for Mr. Barrette) in various non-qualified deferred compensation plans of the Company and its subsidiaries. The Company concluded that these transactions created no additional compensation for the aforementioned Named Executive Officers.

(e) Mr. Fass served as President and CEO of Folksamerica until May 2004. Therefore, Mr. Fass' 2003 compensation was earned entirely at Folksamerica.

(f) Mr. Foy joined the Company during 2003. Mr. Foy's annual bonus compensation includes a one-time $500,000 sign-on bonus.

Option Grants in Last Fiscal Year

The Company did not grant any Options during 2003.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table summarizes, for the applicable Named Executive Officers, Options exercised during the Company's latest fiscal year, and the number and in-the-money value of Options outstanding as of December 31, 2003.

	Year ended December 31, 2003		As of December 31, 2003			
			Number of Securities Underlying Unexercised Options at Fiscal Year Ended(#)		Value of Unexercise In-the-Money Options at Fiscal Year-End($)	
Name	Common Shares Acquired	Value Realized($)	Exercisable	Unexercisable	Exercisable	Unexercisable
Raymond Barrette	0	$ 0	2,265	5,400	$ 740,921	$ 1,766,434
Steven E. Fass	0	0	3,600	5,400	1,177,622	1,766,434

Long-Term Incentive Plans Awards in Last Fiscal Year

Performance Shares. The following table summarizes the performance share awards made to the applicable Named Executive Officers during 2003.

			Extimated Future Payouts(a)		
Name	Number of Common Shares(#)	Performance period for payout	Threshold(#)	Target(#)	Maximum(#)
Raymond Barrette	13,000	3 yrs.	0	13,000	26,000
John D. Gillespie	13,000	3 yrs.	0	13,000	26,000
Steven E. Fass	5,000	3 yrs.	0	5,000	10,000
David T. Foy	10,000	3 yrs.	0	10,000	20,000
John P. Cavoores	3,000	3 yrs.	0	3,000	6,000

(a) Performance shares are payable upon completion of pre-defined business goals and are valued based on the market value of Common Shares at the time awards are earned. Performance shares are paid in cash but can be paid in Common Shares if the Board so determines. With respect to the 2003 performance shares awarded to Messrs. Barrette, Foy, Fass and Cavoores, "Target" performance is the attainment of a corporate annualized return on equity ("ROE") of 11% after tax as measured by the Company's growth in its intrinsic business value. At a ROE of 4% or less ("Threshold") the percentage of performance shares payable will be 0% and at a ROE of 21% or more ("Maximum") the percentage of performance shares will become 200% of target. With respect to 50% of the 2003 performance shares awarded to Mr. Gillespie, "Target" performance is the attainment of a 11% ROE, as described above, and 50% is the attainment of a return on invested assets of 150 basis points over the applicable return on the ten-year United States treasury rate. At a return on invested assets equal to the applicable return on the ten-year United States treasury rate ("Threshold") the percentage of performance shares payable will be 0% and at a return on invested assets of 325 basis points over the applicable return on the ten-year United States treasury rate ("Maximum") the percentage of performance shares will become 200% of target.

Other awards. Mr. Fass was also granted a contingent cash award under the Folksamerica Holding Company, Inc. Long-Term Incentive Plan during 2003. The "Target" amount of this award was initially determined as 100% of Mr. Fass' eligible base salary (or $466,000) which is subsequently increased or decreased by Folksamerica's underwriting return on capital ("UROC") achieved during the performance period. With respect to this award, "Target" performance is the attainment of a 14% pretax UROC. UROC is a proprietary measure which is viewed by the Company as being indicative of Folksamerica's operating performance.

Mr. Cavoores was also granted a contingent cash award under the OneBeacon Performance Unit Plan during 2003. The "Target" amount of this award was initially determined as 10,000 Performance Units (which are initially valued at $100 per unit) which is subsequently increased or decreased by OneBeacon's pretax ROE achieved during the performance period. With respect to this award, "Target" performance is the attainment of a combined ratio of 96% (as computed under generally accepted accounting principles or "GAAP"). The GAAP combined ratio is viewed by the Company as being indicative of OneBeacon's operating performance.

See "Report of the Committees on Executive Compensation" for additional information concerning these awards.

Equity Compensation Plan Table

The following table provides information as of December 31, 2003 with respect to Common Shares that may be issued under White Mountains' existing incentive compensation plans. Performance shares awarded under the Incentive Plan are typically paid in cash, though they may be paid in Common Shares at the election of the Board or a Committee of the Board. For that reason, these plans are listed in the Equity Compensation Plan Table below. The Folksamerica Holding Company, Inc. Long-Term Incentive Plan, the Folksamerica Holding Company, Inc. Performance Share Plan and the OneBeacon Performance Unit Plan are cash-based plans which do not provide for the issuance of Common Shares and are therefore excluded from this table.

Plan category	**(a) Number of securities that may be issued upon exercise or vesting of outstanding options, warrants and rights at Target**	**(b) Weighted average exercise price of outstanding options, warrants and rights**	**(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))**
Equity compensation plans approved by security holders Incentive Plan:			291,000
Performance shares	197,800	$ 0	
Restricted Shares (1)	6,000	0	
Options (2)	50,565	132.83	
Equity compensation plans not approved by security holders Performance Plan (3):			
Performance shares	199,874	$ 0	500,000

(1) The outstanding Restricted Shares, which were granted in 2003, are currently outstanding but have not been earned. Restricted Shares vest over a fixed term from the date of grant based on continuous service by the employee throughout such period.

(2) The outstanding Options were granted in 2000 at an exercise price equal to the underlying market value of Common Shares on the date of grant. The exercise price escalates on a straight-line basis by 6% per annum over the ten-year life of the Options. The weighted average shown above represents the effective exercise price per Option at December 31, 2003.

(3) The Performance Plan is a long-term incentive plan of OneBeacon which provides for granting of performance shares to certain of its key employees. The performance goals for full payment of performance shares issued under the Performance Plan are similar to those of the Incentive Plan. The Performance Plan was not subject to Member approval. No performance shares were granted under the

Performance Plan during 2003.

COMPENSATION PLANS

Pension Plans. Benefit accruals under a qualified defined benefit pension plan and a non-qualified supplemental plan of OneBeacon were frozen for all participating employees as of December 31, 2002. As of such date, Messrs. Barrette, Gillespie and Cavoores each had less than 1.6 years of credited service for purposes of accruing pension benefits. As a result, each of their respective accrued retirement benefits were insignificant.

Benefit accruals under a qualified defined benefit pension plan of Folksamerica were frozen for all participating employees as of December 31, 2002. As of such date, Mr. Fass had 22.6 years of credited service and an average final compensation of $172,000. This resulted in Mr. Fass' annual benefit payable at age 65 being set at $63,160 annually for as long as he lives but in no event for less than 10 years.

Mr. Cavoores participates in the OneBeacon Insurance Company Employee Stock Ownership Plan (the "ESOP"), a qualified employee stock ownership plan which was established during 2003. Under the terms of the ESOP, Mr. Cavoores' ESOP account is credited with an annual contribution, in cash or Common Shares, in an amount equal to the lesser of three percent of his base salary (which was $400,000 for 2003) and three percent of the applicable Social Security wage base (which was $87,000 for 2003). As of December 31, 2003, Mr. Cavoores' ESOP balance was not vested.

Deferred Compensation Plans. The Named Executive Officers are eligible to participate in various unfunded, nonqualified plans for the purpose of deferring current compensation for retirement savings (the "Deferred Compensation Plans"). Pursuant to the Deferred Compensation Plans, participants may defer all or a portion of qualifying remuneration payable which can be invested in various investment options generally available to the investment community including Common Shares. Earned compensation credited to the deferred compensation accounts of such individuals have been included in the Summary Compensation Table.

Mr. Fass is a participant in the Folksamerica Holding Company, Inc. Deferred Benefit Plan, a non-qualified deferred compensation plan for a select group of employees which was frozen at December 31, 2002. The Deferred Benefit Plan credited each participant's account annually with amounts based on the additional value of pension and 401(k) benefits earned that were above IRS limits on qualified plan benefits. Mr. Fass's account value under the Deferred Benefit Plan was $1,356,921 as of the date this benefit was frozen.

Other Compensation Arrangements

Pursuant to the Incentive Plan, under some circumstances Options may become fully exercisable, Restricted Shares may immediately vest and performance shares may become partially or fully payable. Such circumstances are more fully described in the Incentive Plan.

Pursuant to an employment letter dated February 26, 2003, Mr. Foy received, in addition to the Company's customary officer benefits, a sign-on bonus of $500,000, a guaranteed annual bonus of no less than $200,000 for 2003, 2004 and 2005 and a one-time grant of 3,000 Restricted Shares vesting at the end of Mr. Foy's third year of employment. Under certain circumstances, if Mr. Foy's employment with the Company is terminated within the first three years, Mr. Foy is entitled to one year of accrued salary and bonus compensation and a cash payment equal to a pro rated value of his unearned performance share awards in an amount not less than the value of 3,000 Common Shares.

Pursuant to an employment agreement dated January 1, 2001, Mr. John Gillespie is entitled to receive an annual salary of $400,000, an annual bonus of up to 200% of his salary, minimum grants of performance shares, participation in employee benefit and fringe benefit plans and an indemnity. Under this agreement, Mr. Gillespie may continue his active involvement with Prospector, so long as Mr. Gillespie devotes the requisite time required to fulfill his responsibilities to WM Advisors. The agreement specifies procedures pursuant to which Prospector's funds have the ability to invest first in opportunities appropriate for both White Mountains and such funds. Either party can terminate the employment agreement upon 30 days notice and, upon termination, Mr. Gillespie is entitled to accrued compensation and a cash payment equal to a pro rated value of his unearned performance share awards.

In addition, White Mountains has certain revenue sharing agreements with Mr. John Gillespie relating to his interest in Prospector. See "Certain Relationships and Related Transactions" below.

Certain Relationships and Related Transactions

Mr. Clark is Vice Chairman of Lehman which has, from time to time, provided various services to White Mountains including investment banking services, brokerage services, underwriting of debt and equity securities and financial consulting services. Lehman was lead underwriter for White Mountains' $700.0 million Senior Note offering and was also the arranger, the administrative agent and a lender under White Mountains' bank facility.

Mr. George Gillespie is a Partner at CS&M which has been retained by White Mountains from time to time to perform legal services.

Mr. John Gillespie, pursuant to his employment agreement previously described under "Other Compensation Arrangements", may continue his active involvement with Prospector so long as Mr. Gillespie devotes the requisite time required to fulfill his responsibilities to WM Advisors. The agreement specifies procedures pursuant to which Prospector's funds have the ability to invest first in opportunities appropriate for both White Mountains and such funds.

Pursuant to revenue sharing agreements, Mr. Gillespie has agreed to pay White Mountains a portion of the revenues and distributions allocable to him in connection with Prospector, in return for White Mountains agreeing to pay the operational expenses of his investment management companies. During 2003, White Mountains' recorded $1,432,409 in net revenue under the Prospector revenue sharing agreements. At December 31, 2003, White Mountains had $99.8 million invested in funds managed by Prospector. In addition, Messrs. Byrne, George Gillespie, John Gillespie and Olson owned investments in funds managed by Prospector as of such date.

In September 2001, White Mountains entered into a five-year lease at a market-based rate for a building partially owned by Mr. John Gillespie and trusts for the benefit of members of his family (the "Gillespie Trusts"). For 2003, the rental payments attributable to Mr. Gillespie's ownership in the building totalled approximately $15,000 and the rental payments attributable to the Gillespie Trusts' ownership in the building totalled approximately $124,000.

Mr. John Gillespie indirectly through general and limited partnership interests holds a 44% interest in Dowling & Partners Connecticut Fund III, LP ("Fund III"). OBPP and Folksamerica Specialty Underwriting, Inc. ("FSUI") have borrowed approximately $8 million and $7 million, respectively, from Fund III in connection with an incentive program sponsored by the State of Connecticut known as the Connecticut Insurance Reinvestment Act (the "CIR Act"). The CIR Act provides for Connecticut income tax credits to be granted for qualifying investments made by approved fund managers. The loans made by Fund III to OBPP and FSUI are qualifying investments and, together, have the potential to generate up to $15 million of tax credits that would be shared equally between Fund III on the one hand and OBPP and FSUI on the other. As a result of his interest in Fund III, Mr. Gillespie could realize up to $3.3 million from the tax credits, although any such amount would be subject to the revenue sharing agreements with White Mountains described above.

Mr. Zankel is Senior Managing Member of the General Partner of High Rise Capital Advisors LLC, which is the General Partner of High Rise Partners II, L.P. and Cedar Bridge Realty Fund, L.P.

At December 31, 2003, White Mountains had a total of $59.1 million in investments that were managed by these entities.

White Mountains provides various reinsurance services to Olympus. During 2003, White Mountains received $67.5 million from Olympus for such services. Mr. Berkowitz, through various investment funds in which he is managing member, is deemed to control more than 10% of Olympus' common shares.

On June 29, 2004, Berkshire exercised all of its warrants to purchase 1,724,200 Common Shares of White Mountains for $294.0 million. Berkshire bought the warrants in connection with the financing of White Mountains' acquisition of OneBeacon in 2001. The warrants were exercisable at any time until May 2008 and callable by the Company on or after May 31, 2005. Berkshire and the Company agreed to reduce the exercise price by approximately 2% in light of Berkshire's early exercise of the warrants.

White Mountains and Berkshire led the investor group that acquired Symetra (formerly Safeco Life) for $1.35 billion on August 2, 2004. In addition, in the ordinary course of its business, White Mountains has, and in the future may, enter into insurance and reinsurance transactions with Berkshire on arm's length terms and conditions.

White Mountains believes that the above transactions were on terms that were reasonable and competitive and, in the case of Lehman, were obtained through a competitive bid process. White Mountains believes that such transactions did not serve to impair the independence of any of the parties involved.

REPORT OF THE COMMITTEES ON EXECUTIVE COMPENSATION

White Mountains' 2003 compensation matters were addressed by the Company's former Human Resources Committee and its former Compensation Sub-Committee. Going forward, such matters will be addressed by the Company's Compensation Committee which was recently formed as a result of revised NYSE listing standards.

The Company's executive compensation policies are designed with one goal in mind maximization of Member value over long periods of time. The Company believes that this goal is best pursued b