White Mountains Reports First Quarter 2002 Results

05-14-2002

HAMILTON, Bermuda, May 14, 2002 - White Mountains Insurance Group, Ltd. ended the first quarter of 2002 with a fully converted tangible book value per share of $222, a $4 decrease from December 31, 2001 including the $1 per share annual dividend paid in March 2002. The decrease resulted primarily from unrealized losses in White Mountains' fixed income portfolios. Operating results improved significantly for all insurance and reinsurance segments compared to 2001.

White Mountains reported comprehensive net income of $620 million for the quarter ended March 31, 2002. Comprehensive net income was break even for the comparable 2001 period. Comprehensive net income for the first quarter of 2002 includes the recognition of $660 million of deferred credits (net of goodwill) as a result of the adoption of new accounting standards. Excluding this amount, which does not affect tangible book value, White Mountains had a comprehensive net loss of $40 million, including a $25 million loss at OneBeacon, an $8 million profit at Folksamerica and $34 million in financing charges and purchase accounting adjustments related to the acquisition of OneBeacon.

Chairman Jack Byrne said, "I am pleased with the turn-around at OneBeacon. We may well beat our schedule here. Folksamerica also has much improved results compared to last year. Montpelier shows signs that it will turn out to be a wonderful investment for us. You should ignore the $80 per share in income this quarter - we are required to write back in the deferred credits we wrote out last year. Below all the noise, the fundamentals in our two businesses are splendid. I am as optimistic as ever that the next few years will be fruitful ones for our shareholders."

RESULTS OF SIGNIFICANT OPERATING SUBSIDIARIES

OneBeacon:

OneBeacon reported a $25 million comprehensive net loss for the three months ended March 31, 2002. Operating income was $19 million, offset by a $16 million write-off of deferred acquisition costs on the business transferred to Liberty and $28 million of investment losses on our large investment portfolio. The first quarter trade ratio for core operations was 104% compared to 114% for all of 2001. Business in runoff had a trade ratio of 113%. OneBeacon's total trade ratio was 109% compared to 120% for the full year 2001.

Ray Barrette, CEO of OneBeacon, said, "Our core results are clearly showing the effects of the significant pricing, underwriting, agency management and claims actions taken since the acquisition. Overall, first quarter results were in line with expectations. Our specialty businesses had an excellent quarter with an 85% trade ratio. Commercial lines, helped by the hard market and good weather, improved to 106%. Personal lines, improving more slowly because of heavy involuntary loads, came in at 108%. Our strong actions, especially those protecting our balance sheet from excessive terrorism exposure in New York, have hurt our production in the short term. But we are confident that we are emerging as a strong company with a strong balance sheet. Our ability to attract superior executive and professional talent, our willingness to enter new areas such as OneBeacon Professional Partners and AutoOne, our NY LAD operation, and our significant investments in new systems demonstrate our commitment to the business and our confidence in the future."

Reinsurance:

Folksamerica. Folksamerica reported $8 million of comprehensive net income during the first quarter of 2002 versus a $11 million comprehensive net loss for the comparable 2001 period. Comprehensive net income consisted of $20 million in income from reinsurance operations offset by $5 million in losses from other operations and $7 million in investment losses. The loss from other operations consists primarily of Esurance's after-tax operating losses of $4 million. Folksamerica's first quarter statutory 2002 combined ratio, adjusted for the effects of retroactive reinsurance, was 99% compared to 120% for full year 2001.

Steve Fass, CEO of Folksamerica, said, "Folksamerica's results are improving on plan. The Folksamerica and Olympus Re team are a significant force in the world reinsurance markets."

Montpelier Re. Montpelier reported that it wrote $200 million in annual premiums in the first quarter of 2002 and $400 million including April business. Montpelier's combined ratio was 79% on earned premiums of $37 million. No significant claims have been reported to the company. Equity in Montpelier's earnings of $2 million (after tax) was offset by our share of unrealized investment losses. White Mountains has a 26% interest in Montpelier.

White Mountains Underwriting, Ltd. ("WMU"). During the first quarter of 2002, WMU generated approximately $9 million in revenue resulting in $7 million of comprehensive net income. Our consulting contract with Olympus Re has produced significant fee income which will continue to grow in the future. WMU is White Mountains' newly formed underwriting manager specializing in handling international property excess reinsurance.

Fund American Reinsurance Company, Ltd. ("FA Re"). FA Re reported $14 million in written premiums and provided $.4 million in comprehensive net income during the first quarter of 2002. FA Re's combined ratio was 102% on earned premiums of $4 million.

Tom Kemp, President of White Mountains commented, "Through Montpelier, WMU and FA Re, White Mountains has expanded its presence in the global reinsurance marketplace. We are excited by the prospects."

ADDITIONAL INFORMATION

White Mountains is a Bermuda-domiciled financial services holding company traded on the New York Stock Exchange under the symbol WTM. Additional financial information and other items of interest are available at the Company's web site located at www.whitemountains.com. The Company expects to file its Form 10-Q with the Securities and Exchange Commission on or before Wednesday, May 15, 2002 and urges shareholders to refer to that document for more complete information concerning White Mountains' financial results.

WHITE MOUNTAINS INSURANCE GROUP, LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS
(millions, except share and per share amounts)

	(unaudited) March 31, 2002	December 31, 2001
Assets		
Fixed maturity investments, at fair value	**$ 6,758.0**	$ 6,128.3
Short-term investments, at fair value	**1,551.5**	2,545.8
Common equity securities, at fair value	**203.6**	173.6
Other investments	**166.8**	158.0
Total investments	**8,679.9**	9,005.7
Reinsurance recoverable on paid and unpaid losses	**4,194.1**	4,342.0
Insurance and reinsurance balances receivable	**983.4**	1,062.0
Deferred tax asset	**591.3**	696.4
Deferred acquisition costs	**273.7**	313.3
Investments in unconsolidated insurance affiliates	**307.9**	311.1
Other assets	**866.2**	762.3
Total Assets	**$ 15,896.5**	$ 16,492.8
Liabilities		
Loss and loss adjustment expense reserves	**$ 9,314.8**	$ 9,527.6
Unearned insurance and reinsurance premiums	**1,711.7**	1,814.5
Debt	**1,076.5**	1,125.4
Deferred credits	**-**	682.5
Funds held under reinsurance treaties	**284.3**	361.7
Other liabilities	**1,269.9**	1,366.2
Total liabilities	**13,657.2**	14,877.9
Minority Interest - subsidiary preferred stock	**172.7**	170.3
Common Shareholders' Equity		
Common shares and paid-in surplus	**1,095.8**	1,085.1
Retained earnings	**1,001.9**	355.1
Accumulated other comprehensive income (loss), after tax	**(31.1)**	4.4
Total common shareholders' equity	**2,066.6**	1,444.6
Total Liabilities, Minority Interest and Common Shareholders' Equity	**$ 15,896.5**	$ 16,492.8
Common shares outstanding (000's)	**8,284**	8,265
Common and equivalent shares outstanding (000's)	**10,063**	10,048
Fully converted book value per common and equivalent share	**$ 221.80**	$ 160.36
Unamortized deferred credits less goodwill per common and equivalent share	**-**	65.45
Fully converted tangible book value per common and equivalent share	**$ 221.80**	$ 225.81

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This release includes "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 release which address activities, events or developments which we expect or anticipate will or may occur in the future are forward-looking statements. The words "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':

- growth in book value per share or return on equity;
- business strategy;
- financial and operating targets or plans;
- incurred losses and the adequacy of its loss and loss adjustment expense reserves;
- projections of revenues, income (or loss), earnings (or loss) per share, dividends, market share or other financial forecasts;
- expansion and growth of our 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 our expectations and predictions is subject to a number of risks and uncertainties that could cause actual results to differ materially from expectations, including:

- the continued availability of capital and financing;
- general economic, market or business conditions;
- the acquisition and other business opportunities (or lack thereof) that may be presented to and pursued;

- competitive forces, including the conduct of other property and casualty insurers and reinsurers;
- changes in applicable domestic or foreign laws or regulations, our competitors or our clients;
- an economic downturn or other economic conditions adversely affecting our financial position;
- loss reserves established subsequently proving to have been inadequate; and
- other factors, most of which are beyond our control.

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