

Folksamerica Acquires Sierra Insurance Group from Sierra Health Services, Inc.

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NEW YORK, Nov. 25 /PRNewswire-FirstCall/ -- Folksamerica Holding Company, Inc. announced today that it has entered into a definitive agreement to acquire the Sierra Insurance Group companies -- California Indemnity Insurance Company and its three subsidiaries -- from Nevada-based Sierra Health Services, Inc. (NYSE: SIE). Under the terms of the agreement, Folksamerica will pay \$79.5 million, which includes \$15.5 million in cash and a \$64 million purchase note, the principal of which will be adjusted over its six-year term to reflect favorable or adverse loss reserve development on the acquired reserve portfolio and runoff of remaining policies in force. The acquired companies' net assets at September 30, 2003 were approximately \$90 million.

Following the closing, Folksamerica will place the companies into runoff. Folksamerica is not acquiring any infrastructure or employees in the transaction and all of the companies' runoff administration will be transferred to third party administrators working under Folksamerica's direction.

"We are very pleased with the terms of this transaction put together by our Folksamerica Solutions operation in Simsbury, Connecticut and with our ability to assist Sierra in reaching their goal of exiting the property casualty business so that it may focus on its ongoing core operations," said Steve Fass, Folksamerica's Chief Executive Officer. "We are taking on a well-reserved portfolio with substantial down-side protection and we expect to extract significant economic value from this transaction over time."

Folksamerica Holding Company, Inc., parent company of Folksamerica Reinsurance Company, a multi-line broker market reinsurer, is a wholly owned subsidiary of White Mountains Insurance Group, Ltd. (NYSE: WTM). With \$1 billion in capital, the company ranks among the top U.S. broker market reinsurance companies. Additional information and other items of interest regarding Folksamerica are available at the company's web site located at www.folksamerica.com. Additional financial information and other items of interest regarding White Mountains are available at White Mountains' web site located at www.whitemountains.com.

Sierra Health Services, Inc. is a Las Vegas-based diversified health care services company that operates health maintenance organizations, indemnity and workers' compensation insurers, military health programs, preferred provider organizations and multi-specialty medical groups. Sierra's subsidiaries serve over 1.2 million people through health benefit plans for employers, government programs and individuals. For more information, visit the company's website at www.sierrahealth.com.

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

This press release 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 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 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 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 applicable to White Mountains, its competitors or its clients;
- an economic downturn or other economic conditions adversely affecting its financial position;
- loss reserves established subsequently proving to have been inadequate; and
- other factors, most of which are beyond White Mountains' control.

Consequently, all of the forward-looking statements made in this press release 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 update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

Source: Folksamerica Holding Company, Inc.