

## White Mountains Re Completes Acquisition of Mutual Service Casualty Insurance Company

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HAMILTON, Bermuda, Dec. 22 /PRNewswire-FirstCall/ -- White Mountains Re Group, Ltd., the Bermuda-based reinsurance unit of White Mountains Insurance Group, Ltd. (NYSE: WTM), announced today that its wholly-owned subsidiary Folksamerica Reinsurance Company has completed its acquisition of Mutual Service Casualty Insurance Company, a Minnesota-domiciled, runoff insurer formerly affiliated with Illinois-based Country Insurance & Financial Services (Country). As part of a sponsored demutualization and conversion to a stock company, Mutual Service Casualty has been renamed Stockbridge Insurance Company.

Folksamerica paid approximately \$33.6 million for Stockbridge and will record an after tax GAAP gain on the transaction of approximately \$21 million. As part of the transaction, Country Mutual Insurance Company, a member of Country's affiliated group of companies, will provide Stockbridge with approximately \$25 million of reinsurance protection in excess of Stockbridge's carried reserves as of September 30, 2006. Folksamerica is not acquiring any infrastructure or employees in the transaction.

"We are very pleased with the terms of this runoff acquisition put together by our Simsbury, CT-based Folksamerica Re Solutions unit and with our ability to assist Country in its desire to focus on its ongoing core operations," said Tom Hutton, President and CEO of White Mountains Re. "We are taking on a well reserved portfolio with substantial downside protection and we expect this transaction to add solid value for White Mountains' shareholders both initially and over time."

### ADDITIONAL INFORMATION

White Mountains Re Group Ltd. is a Bermuda holding company whose operating companies, which includes Folksamerica Reinsurance Company, offer lead reinsurance capacity for property, casualty, accident & health, marine, and aviation exposures. White Mountains Insurance Group, Ltd. is a Bermuda-domiciled financial services holding company traded on the New York Stock Exchange and the Bermuda Stock Exchange under the symbol WTM. Additional information and other items of interest regarding White Mountains Re and Folksamerica are available at the companies' web sites located at, respectively, [www.wtmre.com](http://www.wtmre.com) and [www.folksamerica.com](http://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](http://www.whitemountains.com).

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

The 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 "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':

- 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 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 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 to 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 risks associated with Item 1A of White Mountains' 2005 Annual Report on Form 10-K and second quarter 2006 Form 10Q;
- claims arising from catastrophic events, such as hurricanes, earthquakes, floods or terrorist attacks;
- 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 clients;
- an economic downturn or other economic conditions adversely affecting its financial position;
- recorded loss reserves subsequently proving to have been inadequate;

- 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 White Mountains Insurance Group, Ltd.

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