

White Mountains Re to Acquire Central National

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NEW YORK, Jan 22, 2010 /PRNewswire via COMTEX/ -- White Mountains Re Ltd., a wholly owned subsidiary of White Mountains Insurance Group, Ltd. (NYSE: WTM) announced today that through a subsidiary it had entered into a definitive agreement to acquire Central National Insurance Company of Omaha from Drum Financial Corporation. In runoff since 1989, Central National has been operated under an order of Rehabilitation in the State of Nebraska since 1990. Among other conditions, the transaction is subject to the termination of the rehabilitation proceedings by the court and the approval of the Nebraska Department of Insurance. Under the terms of the agreement, White Mountains Re will pay approximately \$5 million. Central National's statutory surplus as of September 30, 2009 was \$13.3 million.

"We are very pleased by the terms of this transaction put together by the White Mountains Re Solutions team", said Allan Waters, President and Chief Executive Officer of White Mountains Re. "Although modest in size, this transaction continues our long history of building shareholder value through acquisitions of runoff insurance and reinsurance companies."

Neal Wasserman, President of White Mountains Re Solutions added, "Despite a competitive market the past few years in the runoff sector, this acquisition demonstrates our ability to successfully complete value-adding acquisitions that meet our return thresholds while at the same time allowing sellers to achieve their goal of extracting trapped capital and obtaining a full and final exit from the insurance business." Central National represents the 6th runoff acquisition by the Solutions team.

White Mountains Re expects the transaction to close during the first quarter of 2010 subject to regulatory approvals and other customary closing conditions.

White Mountains Re Ltd. is a wholly owned subsidiary of White Mountains Insurance Group, Ltd. 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 financial information and other items of interest are available on the company's website at www.whitemountains.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 "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':

- *changes in adjusted 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' 2008 Annual Report on Form 10-K;*
- *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;*
- *actions taken by ratings agencies from time to time, such as financial strength or credit ratings downgrades or placing ratings on negative watch;*

- *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 publicly update any such forward-looking statements, whether as a result of new information, future events or otherwise.

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SOURCE White Mountains Insurance Group, Ltd.