

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

WHITE MOUNTAINS INSURANCE GROUP, INC.
(formerly "Fund American Enterprises Holdings, Inc.")
(Exact name of registrant as specified in its charter)

Delaware 94-2708455
(State or other jurisdiction of (I.R.S. employer identification no.)
incorporation or organization)

80 South Main Street
Hanover, New Hampshire 03755-2053
(603) 643-1567
(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

DEFERRED BENEFIT PLAN
(Full title of the plan)

Michael S. Paquette
Senior Vice President and Controller
White Mountains Insurance Group, Inc.
80 South Main Street
Hanover, New Hampshire 03755-2053
(603) 643-1567
(Name, address, including zip code, and telephone number, including area code,
of agent for service)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share(1)	Proposed maximum aggregate offering price(1)	Amount of registration fee
----- Common Stock, \$1.00 par value	14,000 shares	\$120.75	\$1,690,500.00	\$469.96

(1) Pursuant to Rule 457(h)(1) under the Securities Act, the offering price is based upon the average high and low sales prices of the Common Stock as reported on the New York Stock Exchange on October 19, 1999.

PART II

INFORMATION REQUIRED IN THE REGISTRATION

STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents heretofore filed by White Mountains Insurance Group, Inc. (formerly "Fund American Enterprises Holdings, Inc.") (the "Registrant") (Commission file no. 1-8993) pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), hereby are incorporated in this Registration Statement by reference: (a) the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998 (the "1998 Form 10-K"); (b) the Registrant's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1999 and June 30, 1999; (c) the Registrant's Current Reports on Form 8-K dated March 10, 1999, May 27, 1999, June 1, 1999, June 8, 1999, June 17, 1999 (as amended by a Current Report on Form 8-K/A (Amendment No. 1) filed August 17, 1999), June 29, 1999, August 5, 1999 and October 18, 1999; and (d) the Registrant's definitive proxy materials on Schedule 14A filed March 31, 1999 and September 27, 1999. All documents subsequently filed by Registrant pursuant to Sections 13(a), 14, and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be part hereof from the date of filing such documents.

Item 4. Description of Securities.

The authorized capital stock of the Registrant consists of 15,000,000 shares of Common Stock and 1,000,000 shares of Preferred Stock, each par value \$1.00 per share. Pursuant to the Registrant's Amended Certificate of Incorporation, a vote of at least two-thirds of the entire Board of Directors is required to authorize the issuance of any shares of Common Stock or Preferred Stock. Shareholders have no cumulative voting rights.

All outstanding shares of Common Stock participate equally in distributions when and as declared by the Registrant and upon liquidation. Each holder of outstanding shares of Common Stock is entitled to one vote per share of Common Stock held. The shares of Common Stock do not entitle holders thereof to any preemptive rights, conversion rights, redemption rights or sinking fund. The Common Stock is listed on the New York Stock Exchange, Inc.

There is currently no Preferred Stock of the Company outstanding. Pursuant to the Company's Amended Certificate of Incorporation, the Board of Directors is authorized to establish and designate series of Preferred Stock and to fix the number of shares and the relative rights, powers, preferences and qualifications, limitations and restrictions of such respective series. Since the Board of Directors has the power to establish the preferences and rights of each series, it may afford the holders of any Preferred Stock preferences, powers and rights (including voting rights) senior to the rights of the holders of Common Stock. The Registrant has no present intention to issue additional shares of Preferred Stock. It is possible that a new series of the Preferred Stock could be used to discourage an unsolicited acquisition proposal if one were made. However, the Registrant may create and issue a new series of Preferred Stock from the authorized Preferred Stock should the Registrant conclude that doing so is advisable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

The General Corporation Law ("GCL") of the State of Delaware provides that a Delaware corporation, such as the registrant, may indemnify a director or officer against his or her expenses and judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any action, suit or proceeding (other than an action by or in the right of the corporation) involving such person by reason of the fact that such person is or was a director or officer, concerning actions taken in good faith and in a manner reasonably believed to be in or not opposed to the best interest of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The GCL also provides that in a derivative action, a Delaware corporation may indemnify its directors and officers against expenses actually and reasonably incurred to the extent that such director or officer acted in good faith and in a manner such director or officer reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification may be made with respect to any claim, issue or matter as to which such director or officer is adjudged to be liable to the corporation unless and only to the extent that the court determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such director or officer is fairly and reasonably entitled to indemnity for such expenses which the court deems proper. The GCL also generally permits the advancement of a director's or officer's expenses, including by means of a mandatory charter or bylaw provision to that effect, in lieu of requiring the authorization of such advancement by the Board of Directors in specific cases.

Article XI of Registrant's Amended and Restated By-Laws contains the indemnification provisions that follow:

ARTICLE XI
Indemnification

54. Indemnification of Directors, Officers, Agents and Employees.

Section 1. Right to Indemnification. The Corporation shall to the fullest extent permitted by applicable law as then in effect, indemnify any person (the "Indemnitee") unless otherwise agreed to by Indemnitee, who was or is involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including without limitation, any action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor) (a "Proceeding") by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) against all expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such Proceeding. Such indemnification shall be a

contract right and shall include the right to receive payment in advance of any expenses incurred by the Indemnitee in connection with such Proceeding, consistent with the provisions of applicable law as then in effect.

Section 2. Insurance, Contracts and Funding. The Corporation may purchase and maintain insurance to protect itself and any Indemnitee against any expenses, judgments, fines and amounts paid in settlement as specified in Section 1 of this Article or incurred by any Indemnitee in connection with any Proceeding referred to in Section 1 of this Article, to the fullest extent permitted by applicable law as then in effect. The Corporation may enter into contracts with any director, officer, employee or agent of the Corporation in furtherance of the provisions of this Article and may create a trust fund, grant a security interest or use other means (including without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

Section 3. Indemnification; Not Exclusive Right. The right of indemnification provided in this Article shall not be exclusive of any other rights to which those seeking indemnification may otherwise be entitled, and the provisions of this Article shall inure to the benefit of the heirs and legal representatives of any person entitled to indemnity under this Article and shall be applicable to Proceedings commenced or continuing after the adoption of this Article, whether arising from acts or omissions occurring before or after such adoption.

Section 4. Advancement of Expenses, Procedures; Presumptions and Effect of Certain Proceedings; Remedies. In furtherance, but not in limitation of the foregoing provisions, the following procedures, presumptions and remedies shall apply with respect to advancement of expenses and the right to indemnification under this Article:

(a) Advancement of Expenses. All reasonable expenses incurred by or on behalf of the indemnitee in connection with any Proceeding shall be advanced to the Indemnitee by the Corporation within twenty (20) business days after the receipt by the Corporation of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the expenses incurred by the Indemnitee and, if required by law or requested by the Corporation at the time of such advance, shall include or be accompanied by an undertaking by or on behalf of the Indemnitee to repay the amounts advanced if it should ultimately be determined that the Indemnitee is not entitled to be indemnified against such expenses pursuant to this Article.

(b) Procedure for Determination of Entitlement to Indemnification.

(i) To obtain indemnification under this Article, an Indemnitee shall submit to the Secretary of the Corporation a written request, including such documentation and information as

is reasonably available to the Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification (the "Supporting Documentation"). The determination of the Indemnitee's entitlement to indemnification shall be made not later than 120 days after receipt by the Corporation of the written request for indemnification together with the Supporting Documentation. The Secretary of the Corporation shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors or its designee in writing that the Indemnitee has requested indemnification.

(ii) The Indemnitee's entitlement to indemnification under this Article shall be determined in one of the following ways: (A) by a majority vote of the Disinterested Directors (as hereinafter defined), if they constitute a quorum of the Board of Directors; (B) by a written opinion of Independent Counsel (as hereinafter defined) if (x) a Change of Control (as hereinafter defined) shall have occurred and the Indemnitee so requests or (y) a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, a majority of such Disinterested Directors so directs; (C) by the stockholders of the Corporation (but only if a majority of the Disinterested Directors, if they constitute a quorum of the Board of Directors, presents the issue of entitlement or indemnification to the stockholders for their determination); or (D) as provided in Section 4(c), below.

(iii) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 4(b)(ii), a majority of the Disinterested Directors shall select the Independent Counsel, but only an Independent Counsel to which the Indemnitee does not reasonably object; provided, however, that if a Change of Control shall have occurred, the Indemnitee shall select such Independent Counsel, but only an Independent Counsel to which the Board of Directors does not reasonably object.

(c) Presumption and Effect of Certain Proceedings. Except as otherwise expressly provided in this Article, if a Change of Control shall have occurred the Indemnitee shall be presumed to be entitled to indemnification under this Article upon submission of a request for indemnification together with the Supporting Documentation in accordance with Section 4(b)(i), thereafter the Corporation shall have the burden of proof to overcome that presumption in reaching a contrary determination. In any event, if the person or persons empowered under Section 4(b) to determine entitlement to indemnification shall not have been appointed or shall not have made a determination within one hundred twenty (120) days after receipt by the Corporation of the request, therefore together with the Supporting Documentation, the Indemnitee shall be deemed to be entitled to indemnification and the Indemnitee shall be entitled to such indemnification unless (A) the Indemnitee misrepresented

or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. The termination of any Proceeding described in Section 1, or of any claim, issue or matter therein, by judgement, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that his conduct was unlawful.

(d) Remedies of Indemnitee.

(i) In the event that a determination is made pursuant to Section 4(b) that the Indemnitee is not entitled to indemnification under this Article, (A) the Indemnitee shall be entitled to seek an adjudication of his entitlement to such indemnification either, at the Indemnitee's sole option, in (x) an appropriate court of the State of Delaware or any other court of competent jurisdiction or (y) an arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association; (B) any such judicial proceeding or arbitration shall be de novo and the Indemnitee shall not be prejudiced by reason of such adverse determination; and (C) if a Change of Control shall have occurred, in any such judicial proceeding or arbitration the Corporation shall have the burden of proving that the Indemnitee is not entitled to indemnification under this Article.

(ii) If a determination shall have been made or deemed to have been made, pursuant to Section 4(b) or (c), that the Indemnitee is entitled to indemnification, the Corporation shall be obligated to pay the amounts constituting such indemnification within fifteen (15) business days after such determination has been made or deemed to have been made and shall be conclusively bound by such determination unless (A) the indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. (Subparagraph (A) and (B) are each referred to hereafter as a "Disqualifying Event"). In the event that (C) advancement of expenses is not timely made pursuant to Section 4(a) or (D) payment of indemnification is not made within fifteen (15) business days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section 4(b) or (c), the Indemnitee shall be entitled to seek judicial enforcement of the Corporation's obligation to pay to the Indemnitee such advancement of expenses or indemnification. Notwithstanding the foregoing, the Corporation may bring an action, in an appropriate court in the State of Delaware or any other court of competent jurisdiction, contesting the right of the Indemnitee to receive indemnification hereunder

due to the occurrence of Disqualifying Event; provided, however, that in any such action the Corporation shall have the burden of proving the occurrence of such Disqualifying Event.

(iii) The Corporation shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 4(d) that the procedures and presumptions of this Article are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Article.

(iv) In the event that the Indemnitee, pursuant to this Section 4(d), seeks a judicial adjudication of an award in arbitration to enforce his rights under, or to recover damages for breach of, this Article, the Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any expenses actually and reasonably incurred by him if the Indemnitee prevails in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of expenses sought, the expenses incurred by the indemnitee in connection with such judicial adjudication or arbitration shall be prorated accordingly.

(e) Definitions. For purposes of this Section 4:

(i) "Change in Control" means a change in control of the Corporation of a nature that would be required to be reported in response to Item 5(f) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 (the "Act"), whether or not the Corporation is then subject to such reporting requirement; provided that, without limitation, such change in control shall be deemed to have occurred if (A) any "person" (as such term is used in Section 13(d) and 14(d) of the Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Corporation representing 30% or more of the combined voting power of the Corporation's then outstanding securities without the prior approval of at least two-thirds (2/3) of the members of the Board of Directors in office immediately prior to such acquisition; (b) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or proxy contest, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (C) during any period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least a majority of the directors then still in office who were

directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

(ii) "Disinterested Director" means a director of the Corporation who is not or was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

(iii) "Independent Counsel" means a law firm or a member of a law firm that neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Corporation or the Indemnitee in any matter material to either such party or (ii) any other party to the Proceeding giving rise to a claim for indemnification under this Article. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing under the law of the State of Delaware, would have a conflict of interest in representing either the Corporation or the Indemnitee in an action to determine the Indemnitee's rights under this Article.

Section 5. Severability. If any provision or provisions of this Article shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Article (including, without limitation, all portions of any paragraph of this Article containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Article (including, without limitation, all portions of any paragraph of this Article containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

Section 102(b)(7) of the GCL provides that a certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision may not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the GCL (relating to liability for unauthorized acquisitions or redemptions of, or dividends on, capital stock) or (iv) for any transaction from which the director derived an improper personal benefit.

Article Eleventh of Registrant's Restated Certificate of Incorporation, as amended, implements the foregoing provision and provides as follows:

Eleventh: (a) To the fullest extent that the General Corporation Law of the State of Delaware (as it exists on the date hereof [March 11, 1994] or as it may hereafter be amended) permits the limitation or elimination of the liability of directors, no director of the Corporation shall be liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director. No amendment to or repeal of this Article shall apply to or have any effect on the

liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

(b) In addition to any requirements of law and any other provisions herein or in the terms of any class or series of capital stock having preference over the common stock of the Corporation as to dividends or upon liquidation (and notwithstanding that a lesser percentage may be specified by law), the affirmative vote of the holders of seventy-five percent (75%) or more of the voting power of the then outstanding voting stock of the Corporation, voting together as a single class, shall be required to amend, alter or repeal any provision of this Article.

Insurance is maintained on a regular basis (and not specifically in connection with this offering) against liabilities arising on the part of directors and officers out of their performance in such capacities or arising on the part of the registrant out of its foregoing indemnification provisions, subject to certain exclusions and to the policy limits.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

The following exhibits are furnished with this Registration Statement:

Exhibit No. -----	Description -----
(4)(a)	Amended and Restated Certificate of Incorporation of Registrant (incorporated by reference to Exhibit (4)(a) of the Registrant's registration statement on Form S-8 filed July 9, 1999 (registration no. 333-82563)).*
(4)(b)	Amended and Restated By-Laws of Registrant as amended to date (filed as Exhibit 3(b) to Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 1993 (Commission file number 1-8993) and incorporated herein by reference).
(4)(c)	Deferred Benefit Plan.*
(4)(d)	Form of Deferred Benefit Plan Termination Amendment.*
(5)(a)	Opinion and consent of Miller, Canfield, Paddock and Stone, P.L.C.*
(23)(a)	Consent of Miller, Canfield, Paddock and Stone, P.L.C. (contained in Exhibit (5)(a)).
(23)(b)	Consent of KPMG LLP.*

- (23)(c) Consent of Ernst & Young LLP.*
- (23)(d) Consent of PricewaterhouseCoopers LLP.*
- (24) Powers of attorney (contained in the signature pages hereto).*

- -----
* Filed herewith.

Item 9. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference into the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

The Registrant. Pursuant to the requirements of the Securities Act of 1933, Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Hanover, State of New Hampshire, on October 19, 1999.

WHITE MOUNTAINS INSURANCE
GROUP, INC.

By /s/

Name: K. Thomas Kemp
Title: Director, President and
Chief Executive Officer

The Plan. Pursuant to the requirements of the Securities Act of 1933, the Deferred Benefit Plan (the "Plan") has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Hanover, State of New Hampshire, on October 19, 1999.

Deferred Benefit Plan

By /s/

Name: Gordon S. Macklin
Title: Member & Chairman -
Compensation Sub-Committee

And: /s/

Name: Patrick M. Byrne
Title: Member - Compensation
Sub-Committee

And: /s/

Name: Robert P. Cochran
Title: Member - Compensation
Sub-Committee

And: /s/

Name: Frank A. Olson
Title: Member - Compensation
Sub-Committee

And: /s/

Name: Arthur Zankel
Title: Member - Compensation
Sub-Committee

Directors and Officers of the Registrant. Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated and on the dates indicated below. By so signing, each of the undersigned, in his capacity as a director or officer, or both, as the case may be, of the registrant, does hereby appoint John J. Byrne, K. Thomas Kemp, Raymond Barrette and Michael S. Paquette, and each of them severally, his true and lawful attorney to execute in his name, place and stead, in his capacity as a director or officer, or both, as the case may be, of the registrant, any and all amendments to this Registration Statement including post-effective amendments thereto and all instruments necessary or incidental in connection therewith, and to file the same with the Securities and Exchange Commission. Each of said attorneys shall have full power and authority to do and perform in the name and on behalf of each of the undersigned, in any and all capacities, every act whatsoever requisite or necessary to be done in the premises as fully, and for all intents and purposes, as each of the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys and each of them.

Signatures -----	Title -----	Date ----
Principal Executive Officer:		
/s/ ----- K. Thomas Kemp	President and Chief Executive Officer	October 19, 1999
Principal Financial Officer:		
/s/ ----- Raymond Barrette	Executive Vice President and Chief Financial Officer	October 19, 1999
Principal Accounting Officer:		
/s/ ----- Michael S. Paquette	Senior Vice President and Controller	October 19, 1999

Directors and Officers of the Registrant. Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated and on the dates indicated below. By so signing, each of the undersigned, in his capacity as a director or officer, or both, as the case may be, of the registrant, does hereby appoint John J. Byrne, K. Thomas Kemp, Raymond Barrette and Michael S. Paquette, and each of them severally, his true and lawful attorney to execute in his name, place and stead, in his capacity as a director or officer, or both, as the case may be, of the registrant, any and all amendments to this Registration Statement including post-effective amendments thereto and all instruments necessary or incidental in connection therewith, and to file the same with the Securities and Exchange Commission. Each of said attorneys shall have full power and authority to do and perform in the name and on behalf of each of the undersigned, in any and all capacities, every act whatsoever requisite or necessary to be done in the premises as fully, and for all intents and purposes, as each of the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of said attorneys and each of them.

Signatures -----	Title -----	Date -----
/s/ ----- Terry L. Baxter	Director	October 19, 1999
/s/ ----- John J. Byrne	Chairman, Director	October 19, 1999
/s/ ----- Patrick M. Byrne	Director	October 19, 1999
/s/ ----- Howard L. Clark, Jr.	Director	October 19, 1999
/s/ ----- Robert P. Cochran	Director	October 19, 1999
/s/ ----- George J. Gillespie III	Director	October 19, 1999
/s/ ----- John D. Gillespie	Director	October 19, 1999
/s/ ----- K. Thomas Kemp	Director	October 19, 1999
/s/ ----- Gordon S. Macklin	Director	October 19, 1999
/s/ ----- Frank A. Olson	Director	October 19, 1999
/s/ ----- Arthur Zankel	Director	October 19, 1999

EXHIBIT INDEX

Exhibit No. -----	Description -----
(4)(c)	Deferred Benefit Plan.*
(4)(d)	Form of Deferred Benefit Plan Termination Amendment.*
(5)(a)	Opinion and consent of Miller, Canfield, Paddock and Stone, P.L.C.*
(23)(a)	Consent of Miller, Canfield, Paddock and Stone, P.L.C. (contained in Exhibit (5)(a)).
(23)(b)	Consent of KPMG LLP.*
(23)(c)	Consent of Ernst & Young LLP.*
(23)(d)	Consent of PricewaterhouseCoopers LLP.*
(24)	Powers of attorney (contained in the signature pages hereto).*

* Filed herewith.

FUND AMERICAN
DEFERRED BENEFIT PLAN
(December 31, 1992)
(Revised November 15, 1996)

ARTICLE I

PURPOSE OF PLAN

- 1.1 The purpose of this Plan is to provide eligible Officers and Key Employees of Fund American with deferred retirement benefits. The Plan is also intended to establish a method of attracting and retaining persons whose abilities, experience and judgement can contribute to the long-term strategic objectives of Fund American.
- 1.2 The Committee intends that the Plan be an unfunded non-qualified deferred compensation plan maintained primarily for the purpose of providing deferred retirement benefits for a select group of management or highly compensated employees of Fund American, and that contributions to the Plan shall be deductible by Fund American pursuant to Section 404(a)(5) of the Internal Revenue Code of 1986, as amended (the "IRC").

ARTICLE II
DEFINITIONS

As used in this Plan, the following terms shall have the meanings hereinafter set forth:

- 2.1 "Base Salary" means the annual salary paid to Fund American Officers and Key Employees which is paid bi-weekly (or other regular interval) during the calendar year.
- 2.2 "Beneficiary" means any person(s) or legal entity(ies) designated by the Participant or otherwise determined in accordance with ARTICLE V.
- 2.3 "Board of Directors" means the Board of Directors of the Company.
- 2.4 "Cash Incentive Bonus" means the Participant's portion (if any) of Fund American's annual cash bonus pool normally awarded by the Board of Directors to Fund American employees shortly after the close of the calendar year, which is the relevant time frame used to judge such performance.
- 2.5 "Committee" means the Compensation sub-Committee, a subcommittee of the Human Resources Committee as initially appointed by the Board of Directors and as appointed from time to time by written action of the Board of Directors.
- 2.6 "Company" means Fund American Enterprises Holdings, Inc. (formerly The Fund American Companies, Inc.), a Delaware corporation, and its successors and assigns.
- 2.7 "Compensation" has the same meaning, with one exception, as the definition contained in The Fund American Companies, Inc. Retirement Plan (terminated 10/31/92), e.g. Base

Salary and Cash Incentive Bonuses (also overtime pay and military pay if applicable). Compensation specifically excludes performance units, stock appreciation rights, performance shares, restricted stock, warrants, stock options and other qualifying remuneration paid or otherwise payable by Fund American. The one difference in the definition of Compensation for this Plan is that all annual cash bonuses will be includible in Compensation in the year earned rather than paid.

- 2.8 "Deferral Period" means the total aggregate period of time, expressed in Plan Years, for which Deferred Retirement Benefits awarded for a particular Plan Year are to be invested in the Plan and not yet deemed payable to the Participant or his Beneficiary.
- 2.9 "Deferred Retirement Benefit" means the retirement benefit, expressed in U.S. dollars, deferred pursuant to ARTICLE VI of this Plan.
- 2.10 "Deferred Benefit Account" means the individual account maintained under the Plan for a Participant as determined under ARTICLE VI.
- 2.11 "Deferred Benefit Election Form" means the standardized election form that each Participant must execute in accordance with ARTICLE IV, a copy which is attached hereto as EXHIBIT #1.
- 2.12 "Director" means a director of the Company who is not an employee of Fund American.
- 2.13 "FFC Share(s) " means a share(s) of Fund American Enterprises Holdings, Inc. Common Stock (\$1.00 par value) as listed on the New York Stock Exchange (symbol FFC).
- 2.14 "Final Average Pay" has the same meaning as the definition contained in The Fund American Companies, Inc. Retirement Plan (terminated 10/31/92), i.e. the highest average Compensation of an employee for any five (5) consecutive years falling within the ten (10) year period ending on the employee's service separation date, but subject to an overall maximum cap of 135% of the average Base Salary for the same applicable five year averaging period.
- 2.15 "Fund American" means the Company and certain of its wholly-owned affiliates as designated by the Committee or the Board of Directors from time to time.
- 2.16 "Investment Option" means an option made available to Participants pursuant to ARTICLE VI.
- 2.17 "Investment Option Election" means a Participant election made pursuant to ARTICLE VI.
- 2.18 "Key Employee" means any executive employee or other overtime-exempt employee of Fund American that the Committee in its sole discretion decides is important to the ongoing business objectives of Fund American.

- 2.19 "Market Price of FFC Share(s)" means the closing price per share of FFC listed on the NYSE composite tape or, if the NYSE is closed for a particular day, the closing NYSE price of FFC on the previous day.
- 2.20 "Officer" means an officer of Fund American as defined in the Corporate Bylaws.
- 2.21 "Participant" for any Plan Year means an Officer or Key Employee of Fund American designated by the Committee as eligible to participate in the Plan.
- 2.22 "Plan" means the Fund American Deferred Benefit Plan as embodied herein and as amended from time to time.
- 2.23 "Plan Year" means the twelve (12) month calendar year beginning January 1 and ending December 31, or shorter period as the case may be in the year the Plan is adopted or terminated.
- 2.24 "Valuation Date" means the last business day of either a calendar year or calendar quarter, as the Committee will determine from time to time.
- 2.25 Construction. The masculine pronoun shall be deemed to include the feminine, and the singular number shall be deemed to include the plural unless a different meaning is plainly required by the context.

ARTICLE III
ELIGIBILITY

Each Officer and Key Employee of Fund American shall be eligible to participate in the Plan if selected by the Committee. The Committee has total discretion to determine who is eligible to participate on a Plan Year by Plan Year basis.

ARTICLE IV
PARTICIPATION

- 4.1 Election Form. Subject to Sections 4.2 and 4.3, an eligible Officer or Key Employee should make a valid election by executing and filing with the Committee, before the commencement of such Plan Year, a Deferred Benefit Election Form, a copy of which is attached hereto as EXHIBIT #1.
- 4.2 New Employees. Notwithstanding Section 4.1, a newly hired Officer or Key Employee who becomes a Participant after the first day of the current Plan Year, may file a Deferred Benefit Election Form within fifteen (15) days after his initial date of employment with respect to the Deferred Retirement Benefit calculated on Compensation not yet earned for the remaining portion of the Plan Year.
- 4.3 Default Elections. If a Participant fails to file a timely Deferred Benefit Election Form in accordance with either Section 4.1 or 4.2, such Participant will forego all opportunity to make an Investment Option Election (Section 6.11), a Payment Method Election (Section 8.2) and a Payment Period Election (Section 8.3). Accordingly, failure to file a

timely Deferred Benefit Election Form for a particular Plan Year will result in default elections being automatically triggered, which provide that:

- (i) the current Plan Year's calculated Deferred Retirement Benefit will be invested solely in the Prime Rate Investment Option.
 - (ii) commencement of benefits will occur upon the first day of the Plan Year following the Plan Year in which termination of employment (for any reason) occurs.
 - (iii) the sole method of benefit payment to Participant will be a lump sum.
- 4.4 Election Not Revocable. Except as provided in Section 8.5, a Deferred Benefit Election Form, once executed and filed with the Committee, cannot be revoked for such current Plan Year's calculated Deferred Retirement Benefit.
- 4.5 Vesting. A Participant will be vested in his entire Deferred Benefit Account balance at all times and will not be subject to forfeiture for any reason.
- 4.6 Participation in Deferred Compensation Plan Not Required. A Participant need not also participate in the Fund American Voluntary Deferred Compensation Plan in order to participate in this Plan for a particular Plan Year.
- 4.7 New Elections Permitted for each year. All elections made on a Deferred Benefit Election Form for a particular Plan Year have no effect on, nor are affected by, elections made for future or past Plan Years. Each Plan Year elections stand on their own.

ARTICLE V
GENERAL PROVISIONS

- 5.1 No Right To Payment Except as Provided in Plan. No Participant or Beneficiary shall have any right to any payment or benefit hereunder except to the extent provided in the Plan.
- 5.2 Employment Rights. The employment rights of any Participant shall not be enlarged, guaranteed or affected by reason of the provisions of the Plan.
- 5.3 Initial Participating Companies. Initially, no subsidiary other than Fund American Enterprises, Inc. is currently permitted to participate in the Plan. However, the Committee can decide at a future date to allow inclusion of a new or previously excluded subsidiary(ies).
- 5.4 Recipient Under a Disability. If the Committee determines that any person to whom a payment is due hereunder is a minor, or is adjudicated incompetent by reason of physical or mental disability, the Committee shall have the power to cause the payments becoming due to such person to be made to the legal guardian for the benefit of the minor or incompetent, without responsibility of Fund American or the Committee to see to the application of such payment, unless prior to such payment claim is made therefor

by a duly appointed legal representative. Payments made pursuant to such power shall operate as a complete discharge of Fund American and the Committee.

- 5.5 Designation of Beneficiary. Each Participant may designate any person(s) or legal entity(ies), including his estate, as his Beneficiary under the Plan in writing to the Committee. A Participant may at any time revoke or change his designation of Beneficiary by writing to the Committee. If no person or legal entity shall be designated by a Participant as his Beneficiary, or if no designated Beneficiary survives him, his estate shall be his Beneficiary.
- 5.6 Elections. Any election made or notice given by a Participant pursuant to the Plan shall be in writing to the Committee, or to such representative as may be designated by the Committee for such purpose. Notice shall be deemed to have been made or given on the date received by the Committee or its designated representative.
- 5.7 Controlling Law. The validity of the Plan or any of its provisions shall be determined under, and it shall be construed and administered according to, the laws of the State of Vermont.

ARTICLE VI
DEFERRED BENEFIT ACCOUNTS

- 6.1 Accounts. Upon receipt of a Participant's valid Deferred Benefit Election Form, the Committee shall establish, as a bookkeeping entry only, a Deferred Benefit Account for such Participant. The Committee shall thereafter record to each Participant's Deferred Benefit Account, as of the last day of the previous Plan Year, the Deferred Retirement Benefit amount calculated pursuant to Section 6.3.
- 6.2 Adjustments To Accounts. The balance in a Participant's Deferred Benefit Account at any time will be calculated on a daily basis by: i) aggregating all current or prior Plan Year Deferred Retirement Benefit amounts calculated pursuant to Section 6.3; ii) adding (subtracting) thereto the cumulative interest equivalent, whether positive or negative, earned on such Deferred Retirement Benefit amounts computed in accordance with the rules of Sections 6.4, 6.5 and 6.6, 6.7 and 6.8; and iii) from such total obtained, subtracting the aggregate payments made to the Participant in current or prior Plan Years in accordance with ARTICLE VIII and ARTICLE X.
- 6.3 Deferred Retirement Benefit. A Participant's total Deferred Retirement Benefit amount for the current Plan Year shall be the sum of the following components, each of which is considered a separate Deferred Retirement Benefit solely for purposes of a Participant making an Investment Option Election pursuant to Section 6.11:
 - (i) for Plan Years through 1996 only, five percent (5%) of a Participant's Base Salary determined as of the beginning of a Plan Year, subject to an inflation adjusted, maximum annual dollar amount (\$9,240 for 1995) as published by the Internal Revenue Service for a tax qualified plan commonly referred to as a 401(k) plan; and,

- (ii) the excess of: a) the lump sum present value equivalent of the normal retirement benefit (i.e. a monthly annuity starting at age 65) computed as of the end of the current Plan Year, over b) the lump sum present value equivalent of the normal retirement benefit computed as of the end of the prior Plan Year.

Solely for purposes of this Section 6.3(ii), the calculation of each Plan Year's normal retirement benefit shall employ recognized actuarial principles and such other reasonable assumptions deemed necessary by the Committee to achieve the stated objective of providing each Participant with a retirement benefit which approximates the benefit that a Participant would have been entitled under The Fund American Companies, Inc. Retirement Plan, but assuming that the mandatory "Top Heavy" rules and maximum compensation limits imposed on all qualified plans did not exist. Further, the removal of compensation limits does not change the definition of Compensation as it is used in calculating Final Average Pay as such term is defined in The Fund American Companies, Inc. Retirement Plan except that the limitation of 135% of Base Salary shall be eliminated. Notwithstanding any provision to the contrary, for the purpose of determining any benefit under this Plan the bonus for 1990 for John J. Byrne shall be limited to 135% of Mr. Byrne's 1990 Base Salary.

- 6.3(a) Prospective Catch-up Adjustment. In recognition of the fact that the calculation of the Deferred Retirement Benefit for a particular Plan Year is based on estimates made as of the beginning of a Plan Year as to what a Participant's Compensation will be for an entire Plan Year, a prospective catch-up adjustment, either positive or negative, shall be made if a Participant's actual Compensation differs from estimated Compensation. Accordingly, such difference will be considered an additional Deferred Retirement Benefit or Detriment, as the case may be, but will be taken into account solely in determining the Deferred Retirement Benefit amount for the Plan Year following the Plan Year to which the adjustment relates.
- 6.4 Investment of Deferred Retirement Benefits. Deferred Retirement Benefit amounts shall be "theoretically invested" under any of the Investment Options described below, as elected by the Participant.
- 6.5 Prime Rate Investment Option. Interest equivalents, equal to the product of: i) Daily Prime Rate; multiplied by ii) the portion of the Deferred Benefit Account balance existing as of the end of the previous day in the Prime Rate Investment Option, shall be credited each day to a Participant's Deferred Benefit Account.
- 6.5(a) Daily Prime Rate. Expressed as a percentage, the "Daily Prime Rate" as described in Section 6.5 will be calculated by dividing the "base rate" of interest announced publicly by Citibank, N. A. in New York, N.Y. (or prime or base rate of another large commercial bank selected by the Committee), as in effect on the last business day of each month, by 360.
- 6.6 Phantom Share Investment Option. Interest equivalents shall be credited to (subtracted from) amounts in the Phantom Share Investment Option on a daily basis. Such daily

interest equivalents shall be calculated as follows: i) take the aggregate number of Phantom Shares in a Participant's Phantom Share Investment Option at the close of business on the preceding calendar day; multiplied by ii) the difference between the FFC Share closing Market Price on the current calendar day, plus dividends paid or payable, as defined in Section 6.6(c), with respect to a single FFC Share, and the FFC Share closing Market Price on the preceding calendar day. For purposes of comparability, the above calculation shall be adjusted for any stock splits or stock dividends occurring during the current calendar day which affects the number of Phantom Shares a Participant held on the preceding calendar day.

- 6.6(a) Phantom Shares Granted to Participant. Subject to the Phantom Share Cumulative Dollar Limitation contained at Section 6.11(b), the number of Phantom Shares granted to a Participant will be determined by dividing the dollar amount of Deferred Retirement Benefit allocated to the Phantom Share Investment Option by the Conversion Price. Such total amount of Phantom Shares determined will then be rounded to the next one-tenth (1/10) Phantom Share.
- 6.6(b) Conversion Price. The Conversion Price of FFC Shares used to calculate the number of Phantom Shares to be added to a Participant's Deferred Benefit Account as of the beginning of a Plan Year will be the closing Market Price of FFC Shares at the end of the last business day of the immediately preceding Plan Year.
- 6.6(c) Dividends Reinvested in Phantom Share Investment Option. For purposes of Section 6.6, dividends "paid or payable" shall mean either in cash or property, but shall exclude stock dividends or stock splits, as the case may be. Further, dividends paid or declared payable on the preceding day will be treated as automatically reinvested in FFC Shares as of the end of such day at the closing Market Price of FFC Shares; provided the Participant's account held Phantom Shares on the last day the Company declares as the date stockholders of record are entitled to receive such dividend on FFC Shares (i.e. the "ex-dividend" date).
- 6.6(d) Other Dilutive and Anti-dilutive Transactions Affecting Phantom Shares. In addition to Section 6.6(c), and subject to other provisions in the Plan, the Committee has the discretion to make appropriate adjustments to a Participant's account invested in the Phantom Share Investment Option where a "capital transaction" or "corporate reorganization" has the affect of changing the economic equivalent number of Phantom Shares that a Participant has been credited under this Plan. The Committee shall make an adjustment to the portion of each Participant's Deferred Benefit Account invested in the Phantom Share Investment Option so affected (if any), either positive or negative as the case may be, to ensure that neither unintended economic benefits nor detriments are conferred on a Participant solely by reason of such capital transaction or corporate reorganization.
- 6.6(e) Capital Transaction or Corporate Reorganization. Solely for purposes of Section 6.6(d), a "capital transaction" or "corporate reorganization" shall not be limited to its ordinary meaning if in fact a Participant would be conferred an economic benefit or detriment by

some other corporate transaction which is not literally considered a capital transaction or corporate reorganization under common business usage of said terms.

- 6.7 Equity Fund Investment Option. Interest equivalents, equal to the product of: i) the daily published total return for the Oakmark Fund; multiplied by ii) the Deferred Compensation balance existing as of the end of the previous day in the Equity Fund Investment Option, shall be credited each day to a Participant's Deferred Compensation Account.
- 6.8 Fixed-Income Fund Investment Option. Interest equivalents, equal to the product of: i) the daily published total return for the PIMCO; multiplied by ii) the Deferred Compensation balance existing as of the end of the previous day in the Fixed-Income Fund Investment Option, shall be credited each day to a Participant's Deferred Compensation Account.
- 6.9 Other Investment Options. The Committee may make other Investment Options available under the Plan from time to time. Earnings (loss) shall be credited to (subtracted from) amounts invested in such other Investment Options on a daily basis as determined by the Committee.
- 6.10 Converting Accrued & Vested Benefits From Other Fund American Non-Qualified Plans. For purposes of establishing a Participant's Deferred Benefit Account, benefits accrued as of December 31, 1992 on behalf of Plan Participants who were also participating in one or more of the terminated Fund American non-qualified plans (i.e. The Fund American Companies, Inc. Retiree Medical Plan, Supplemental Pension Plan and Survivor Benefit Plan), shall be transferred as of January 1, 1993 to this Plan and invested in accordance with Section 6.11 and the elections made by such Participants as indicated on the Deferred Benefit Election Form. Such transferred balances shall be considered an additional Deferred Retirement Benefit amount for the 1993 Plan Year in addition to the Deferred Retirement Benefit calculated pursuant to Section 6.3.
- 6.11 Investment Option Election. Amounts invested in any Investment Option may be transferred annually among any available Investment Options (including a transfer to/from the Phantom Share Investment Option) in accordance with procedures established by the Committee. Such transfer election may be made only within the 10-business day period commencing on the third business day following release of the Company's third quarter financial information.
- An Investment Option election shall remain in effect for future Deferred Compensation (including amounts deferred in subsequent Plan Years) unless and until a new Investment Option Election is filed with the Committee.
- 6.11(a) Investment Option Allocation. Subject to the Phantom Share Cumulative Dollar Limitation contained at Section 6.11(b), each Participant can elect to allocate each component of a Plan Year's total Deferred Retirement Benefit among the available Investment Options as described in Sections 6.5, 6.6, 6.7, 6.8 and 6.9.

6.11(b) Phantom Share Cumulative Dollar Limitation. Notwithstanding a Participant's ability to allocate Deferred Retirement Benefits for a Plan Year among the available Investment Options, a Participant's election to invest Deferred Retirement Benefits in the Phantom Share Investment Option may be limited (either in whole or in part) as described herein:

- (i) Without requiring authorization from the Board of Directors, but subject to all other provisions in this Plan, a Participant may continue to invest Deferred Retirement Benefits in the Phantom Share Investment Option to the extent the portion of a Participant's Deferred Benefit Account balance invested in the Phantom Share Investment Option does not have a fair market value which exceeds twenty million dollars (\$20 million).
- (ii) Unless authorized by the Board of Directors, a Participant is precluded from investing additional Deferred Retirement Benefits in the Phantom Share Investment Option if the portion of a Participant's Deferred Benefit Account balance previously invested in the Phantom Share Investment Option has a fair market value which exceeds twenty million dollars (\$20 million).

6.12 Deletion of Investment Options. Except as provided in Section 15.2, the Committee cannot delete or alter the terms of an existing Investment Option without the written permission of those Participants affected by such proposed amendment whose Deferred Retirement Benefits is invested in such Investment Option.

ARTICLE VII PARTICIPANTS' RIGHTS UNSECURED

7.1 Unsecured Creditors. Amounts credited to Deferred Benefit Accounts shall be dealt with in all respects as working capital of Fund American, therefore the right of a Participant to receive any distribution hereunder shall be an unsecured claim against the general assets of Fund American.

7.2 No Actual Investment Required. Subject to ARTICLE XVI, no assets of Fund American shall in any way be held in trust for, or be subject to, any prior claim by an Officer or a Key Employee or his Beneficiary under the Plan. Further, neither Fund American nor the Committee shall have any duty whatsoever to invest any amounts credited to any Deferred Benefit Accounts established under the Plan.

ARTICLE VIII PAYMENT OF DEFERRED RETIREMENT BENEFITS

8.1 Commencement of Benefits. Subject to Sections 4.3 and 8.1(a), when, and at the same time, an eligible Participant elects to invest Deferred Retirement Benefits for any particular Plan Year, he shall also elect on the Deferred Retirement Benefits Election Form to have the portion of his Deferred Benefit Account balance attributable to such current Plan Year commence to be paid on the first day of the Plan Year following the Plan Year in which the earlier event occurs:

(i) upon separation from service due to either termination, normal retirement, death or disability; or

(ii) upon the date such Participant attains a selected age.

8.1(a) 365 Day Minimum Deferral Period. Notwithstanding the time for the commencement of benefits pursuant to Section 8.1, commencement of benefits will not occur prior to the expiration of a 365 day period beginning the day after the date on which a Deferred Retirement Benefit is awarded as provided in this Plan.

8.2 Payment Method Election. At the time the Deferred Benefit Election Form is filed pursuant to ARTICLE IV, Participants must also elect the method of receiving payment of their Deferred Benefit Account balance upon the first day of the Plan Year following the expiration of the elected Deferral Period. Each Participant shall elect to receive payment of his account either in:

(i) one lump sum on the benefit commencement date;

(ii) annual installments, with interest, over a specified period (determined in accordance with Section 8.3), beginning on the commencement date; or

(iii) an annual installment/lump-sum combination where 25%, 50% or 75% of the Deferred Benefit Account balance is paid in annual installments over a specified period (determined in accordance with Section 8.3), beginning on the commencement date, and the remaining balance paid in lump-sum, with accrued interest, at the end of the elected payment period.

8.2(a) Installment Payout Formula. If a Participant selects payment option (ii) or (iii) of Section 8.2, the annual installment amount for a particular Plan Year will be computed as follows:

$$\$W = (\$X / [Y - Z])$$

Where W = Installment amount received by Participant in a particular Plan Year.

Where X = Participant's Deferred Benefit Account balance at end of the prior Plan Year.

Where Y = Number of years originally elected by Participant for the payment period.

Where Z = Number of years in the elected payment period already elapsed.

8.2(b) Deferral Election Override. Notwithstanding anything contained herein to the contrary, with respect to any deferral election effective for Compensation earned after 1996, in the event that any amounts payable to a Participant hereunder (when aggregated with any other remuneration) would not be deductible by Fund American as a result of Code Section 162(m), such amounts shall not be paid until the first Plan Year in which the amount would be deductible under Code Section 162(m).

- 8.3 Payment Period Election. At the time an Eligible Participant elects to be a Participant for any Plan Year, he shall concurrently elect on the Deferred Benefit Election Form the number of years, up to a maximum of fifteen (15), over which his Deferred Benefit Account shall be paid out upon the expiration of the Deferral Period.
- 8.3(a) Automatic Payment Period Override. Notwithstanding the Participant's payment period election pursuant to Section 8.3, in the case of termination for cause (Section 8.6) or death of the Participant (ARTICLE X), such payment period election will be automatically changed to the lump-sum option contained at Section 8.2(i).
- 8.4 Payment Denomination. All payments made to Participants shall be paid solely in cash.
- 8.5 Change of Prior Elections. Subject to the consent of the Committee, a Participant may file a request to change his prior election with respect to the timing of commencement of benefits (Section 8.1), payment method (Section 8.2) and/or payment period (Section 8.3). Such new election must be filed with the Committee at least 365 days prior to the date on which payment of benefits would commence under either the original or the revised election. Only one such request will be approved with respect to any Participant.
- 8.6 Termination for Cause. Notwithstanding the payment period election made under Section 8.3, if a Participant is terminated for cause as determined by the Committee, payment of the entire amount remaining in his Deferred Benefit Account for all Plan Years shall be made in one lump sum on the first day after the end of the Plan Year in which termination occurred. Termination for cause shall include gross negligence, willful misconduct and fraud against the Company or any of its subsidiaries.
- 8.7 Hardship Withdrawal. Upon application of any Participant and approval thereof by the Committee, the Participant may withdraw, by reason of hardship, part or all of his Deferred Benefit Account. "Hardship" shall mean an unanticipated emergency situation in the Participant's financial affairs beyond the Participant's control, including illness or an accident involving the Participant, his dependents or other members of his family, or other significant financial emergency, as determined by the Committee in its sole discretion.
- 8.8 Accrued Interest Period. For purposes of determining the benefits to be paid to Participants under ARTICLES VIII and X, interest on such Deferred Benefit Account balance will continue to accrue through the end of November in the Plan Year prior to the Plan Year in which payment of benefits will be made. Interest for the month of December in the Plan Year prior to the Plan Year in which payment of benefits will be made is calculated by using the following formula:

$$[\$X \times Y\%] \times 30 = \$Z$$

Where X = Participant's Deferred Benefit Account balance at November 30th

Where Y = Daily Prime Rate (see Section 6.5(a)) in effect on November 30th

Where Z = Additional accrued interest due Participant for the month of December

ARTICLE IX
VALUATION DATE

- 9.1 Valuation. Valuation Date, the Deferred Benefit Account balance of each Participant shall be valued by the Committee. The current value, and the change in value from the prior Valuation Date (whether positive or negative), shall be communicated in writing to each Participant within forty-five (45) days after such Valuation Date.
- 9.2 Valuation Dates. A Valuation Date, shall, at a minimum, be four times during a Plan Year ending on each of the quarterly periods March 31, June 30, September 30 and December 31.

ARTICLE X
DEATH OF PARTICIPANT

Notwithstanding the payment period election made under Section 8.3, a Participant's estate or designated Beneficiary shall be paid the value of his Deferred Benefit Account in one lump sum on the first day after the end of the Plan Year in which his death occurred. Interest on such balance shall be determined in accordance with the rules contained in Section 8.8.

ARTICLE XI
ALIENATION

Other than as provided in ARTICLE X, anticipation, alienation, sale, transfer, assignment, pledge or other encumbrance of any payments or benefits under the Plan shall not be permitted or recognized, and to the extent permitted by law, no such payments or benefits shall be subject to legal process or attachment for the payment of any claim of any person entitled to receive the same.

ARTICLE XII
TAX WITHHOLDING

- 12.1 Withholding. Subject to Sections 12.2 and 12.3, Fund American shall deduct from all payments under this Plan each Participant's share of any taxes required to be withheld by any Federal, state or local government. The Participants and their Beneficiaries, distributees and personal representatives will bear any and all Federal, foreign, state, local income taxes or any other taxes imposed on Participants on amounts under this Plan.
- 12.2 FICA Taxes. Pursuant to IRC Section 3121(v), Compensation deferred pursuant to this Plan is subject to FICA at the time of deferral rather than at the time of distribution to the Participant. Accordingly, each Participant who has not yet reached the maximum compensation levels subject to FICA at the time Compensation is deferred herein will be required to pay (by payroll deduction or check) to Fund American his share of FICA taxes due and payable.

- 12.3 Taxes Due at Deferral Date Other than FICA Taxes. If any of the taxes referred to in Section 12.1 are due at the time of deferral, instead of at the time of payout, the Participant will be required to pay (by payroll deduction or check) to Fund American the Participant's share of any such taxes due and payable.

ARTICLE XIII
CONSENT

By electing to become a Participant, each Officer and Key Employee shall be deemed conclusively to have accepted and consented to all terms of the Plan and all actions or decisions made by the Company, the Board or the Committee with regard to the Plan. Such terms and consent shall also apply to, and be binding upon, the Beneficiaries, distributees and personal representatives and other successors in interest of each Participant.

ARTICLE XIV
SEVERABILITY

In the event any provision of this Plan would serve to invalidate the Plan, that provision shall be deemed to be null and void, and the Plan shall be construed as if it did not contain the particular provision that would make it invalid.

ARTICLE XV
AMENDMENT AND TERMINATION

- 15.1 Board May Amend or Terminate. Subject to Sections 15.2 and 15.3, the Board of Directors, may at any time modify or amend any or all of the provisions of the Plan or may at any time terminate the Plan.
- 15.2 (i) Investment Options. Notwithstanding Section 15.1, the Board of Directors cannot delete or alter the terms of the Investment Options, contained herein at Sections 6.5 and 6.6, without the written permission of those Participants, whose Deferred Benefit Account is invested in such Investment Option(s), who would be affected by such proposed amendment. However, nothing contained herein shall prevent the Board of Directors from substituting a new investment option for the Phantom Share Investment Option if the common stock of the Company (currently FFC Shares) is no longer publicly traded on a nationally recognized stock exchange. In the event of such an occurrence, the Board of Directors shall have the sole authority to substitute a new Investment Option and allow only those Participants affected to transfer their Phantom Share account balance to an existing Investment Option if the substituted Investment Option is not acceptable to the particular Participant.
- (ii) Fiduciary Guidelines. Notwithstanding Section 15.1 and Section 15.2(i), the Board of Directors will not make amendments or terminate the Plan if such amendments or termination would reduce a Participant's balance in his Deferred Benefit Account. Further, the Board of Directors will not make amendments which would in any way eliminate the express requirement in Section 16.1

requiring the establishment of a Rabbi Trust in the event of a Change of Control if one has not previously been established.

- 15.3 Termination. In the event of termination of the Plan, the Committee shall give written notice to each Participant that the entire balance in his Deferred Benefit Account will be distributed in the manner initially elected by each Participant pursuant to ARTICLE VIII. Further, pursuant to the responsibility vested with the Committee as stated in Section 17.1, the Committee will evaluate the advisability of establishing a Rabbi Trust--if one does not already exist--in light of the circumstances that caused the Board of Directors to terminate the Plan.

ARTICLE XVI
CHANGE OF CONTROL

- 16.1 Funding of Trust. Notwithstanding ARTICLE VII, upon a "Change of Control" as defined in Section 16.2, the Board of Directors is required to cause the immediate contribution of funds to a trust--if not previously established--(i.e. "Rabbi Trust" established in accordance with Rev. Proc. 92-64 (or any successor) or other funding mechanism approved by the Internal Revenue Service which would not result in Plan Participants being in constructive receipt of income) for the benefit of each Plan Participant, as beneficiary. The assets of such trust shall at all times be subject to the claims of general creditors of Fund American. Such contribution will be equal to the balance in each Participant's Deferred Benefit Account as of the Change of Control date. Further, if the Plan is not terminated upon such Change of Control, Fund American will continue to contribute to the trust, on an annual basis, an amount of cash equal to the Deferred Retirement Benefit awarded to each Participant after the Change of Control.

- 16.2 Change of Control. For purposes of this Plan, a "Change of Control" shall occur if:

- i) any person or group (within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934), other than American Express Company or the Company, becomes the beneficial owner (within the meaning of Rule 13d-3 under such Exchange Act) of thirty-five percent (35%) or more of the Company's then outstanding FFC Shares;
- ii) as defined in Section 16.3, the "Incumbent Board of Directors", cease to constitute a majority of the Board of Directors of the Company; or
- iii) the business of the Company for which the Participant's services are principally performed is disposed of by the Company pursuant to a sale or other disposition of all or substantially all of the business or business related assets of the Company (including stock of a subsidiary of the Company).

- 16.3 Incumbent Board of Directors. Incumbent Board of Directors shall mean those individuals who, as of April 9, 1992, constituted the Board of Directors or, alternatively, those members elected or nominated after April 9, 1992 who were approved for such election or nomination by a vote of at least a majority of the directors then comprising the Incumbent Board of Directors. Further, individuals shall be excluded whose initial

assumption of office is or was in connection with an actual or threatened election contest relating to the election of the directors of the Company (as used in rule 14a-11 under the Securities Exchange Act of 1934).

ARTICLE XVII
PLAN ADMINISTRATION

- 17.1 Committee. The general administration of the Plan, the decision to establish a trust and the responsibility for carrying out its provisions shall be placed in the Committee.
- 17.2 Determinations of the Committee. Subject to the limitations of the Plan, the Committee shall from time to time establish rules for the administration and interpretation of the Plan and the transaction of its business. The determination of the Committee as to any disputed question shall be conclusive.
- 17.3 Majority Vote. Any act which the Plan authorizes or requires the Committee to do may be done by a majority (expressed from time to time by a vote at a meeting or in writing without a meeting) and shall constitute the action of the Committee, and shall have the same effect for all purposes as if assented to by all members of the Committee.
- 17.4 Authorization of Committee Members. The members of the Committee may authorize one or more of their number to execute or deliver any instrument, make any payment, or perform any other act which the Plan authorizes or requires the Committee to do.
- 17.5 Agents. The Committee may employ or retain agents to perform such clerical, accounting, and other services as it may require in carrying out the provisions of the Plan.
- 17.6 Any and all such costs in administering this Plan will be paid and incurred by Fund American.
- 17.7 Notices. All written notices or elections as required herein shall be sent either by U.S. mail, overnight carrier service or personal delivery to the address below:

Fund American Enterprises Holdings, Inc.
80 South Main Street
Hanover, NH 03755
Attention: Mr. Michael S. Paquette

WHITE MOUNTAINS INSURANCE GROUP, INC.
DEFERRED BENEFIT PLAN
TERMINATION AMENDMENT

Amendment, adopted by WHITE MOUNTAINS INSURANCE GROUP, INC. (formerly known as Fund American Enterprises Holdings, Inc.), a Delaware corporation (the "Company"). This Amendment shall take effect as of the business day which immediately precedes the date on which the Company concludes its re-domestication as a Bermuda corporation.

BACKGROUND --

Pursuant to Article XV of the WHITE MOUNTAINS INSURANCE GROUP, INC. DEFERRED BENEFIT PLAN - formerly known as the Fund American Deferred Benefit Plan - (the "Plan"), the Company desires to amend the Plan in certain respects appropriate to termination of the Plan.

THEREFORE, the Plan is amended as follows:

1. Sections 8.1 and 8.1(a) of the Plan are amended to read:
- 8.1 Commencement of Benefits; Termination Benefits. Subject to Sections 4.3 and 8.1(a), when, and at the same time, an eligible Participant elects to invest Deferred Retirement Benefits for any particular Plan Year, he shall also elect on the Deferred Retirement Benefits Election Form to have the portion of his Deferred Benefit Account balance attributable to such current Plan Year commence to be paid on the first day of the Plan Year following the Plan Year in which the earlier event occurs:
 - (i) upon separation from service due to either termination, normal retirement, death or disability; or
 - (ii) upon the date such Participant attains a selected age.

However, upon termination of the Plan, notwithstanding any prior elections in regard to commencement or timing of benefit payments -

- (A) Benefits accrued prior to the termination date by Participants who are then active with the Company shall be paid as soon as practicable following the effective date of such termination. Each active Participant's Deferred Benefit Account balance shall be paid in one lump sum, in cash, as soon as practicable following the Plan termination date (unless otherwise determined by the Compensation Sub-Committee of the Board of Directors), provided that (notwithstanding Section 8.4) each such active Participant shall be given an opportunity to elect to have all or a portion of the Account value paid in shares of the Company's common stock, valued at the closing price on the last trading day prior to the date of payment. Payment of such lump sum benefit shall be in full settlement of all claims of an active Participant for benefits under the Plan, and the Company may require the

Participant to execute a written acknowledgment and release confirming that he/she has no further claim for benefits under the Plan.

- (B) Participants who are not active with the Company on the Plan termination date shall receive a single lump sum payment in lieu of their remaining accrued Deferred Benefits under the Plan (i.e. to the extent such Benefits have not been paid to them prior to the Plan termination date). Such payments shall be made as soon as practicable following the termination date. The amount of the lump sum payment to a Participant shall be based upon the actuarial value of his/her remaining accrued Deferred Benefits under the Plan (but shall not be less than 100% of such value), as determined by the Committee in its sole discretion, taking into account the amount and timing of income taxes payable with respect to such benefits. Such lump sum payment shall be in full settlement of all claims of the inactive Participant for benefits under the Plan, and the Company may require the Participant to execute a written acknowledgment and release confirming that he/she has no further claim for benefits under the Plan.

8.1(a) 365 Day Minimum Deferral Period. Notwithstanding the time elected for the commencement of benefits pursuant to Section 8.1, commencement of benefits will not occur prior to the expiration of a 365 day period beginning the day after the date on which a Deferred Retirement Benefit is awarded as provided in this Plan. However, this minimum period shall not apply to that portion of any lump sum payment under Section 8.1, resulting from termination of the Plan by the Company, and attributable to a Deferred Retirement Benefit awarded less than 365 days prior to the date of the lump sum payment.

2. Sections 8.2(b) and 15.3 of the Plan are deleted.

This Termination Amendment was approved by the Company's Compensation Sub-Committee on August 27, 1999 and ratified by its Board of Directors on September 23, 1999.

ATTEST

/s/

Gordon S. Macklin, Chairman of the
Compensation Sub-Committee

[Miller, Canfield, Paddock and Stone, P.L.C. Letterhead]

October 19, 1999

White Mountains Insurance Group, Inc.
80 South Main Street
Hanover, New Hampshire 03755-2053

Gentlemen:

With respect to the registration statement on Form S-8 (the "Registration Statement") being filed with the Securities and Exchange Commission (the "Commission") by White Mountains Insurance Group, Inc. (formerly "Fund American Enterprises Holdings, Inc."), a Delaware corporation (the "Company"), for the purpose of registering under the Securities Act of 1933, as amended (the "Act"), 14,000 shares of the common stock, \$1.00 par value, of the Company (the "Registered Shares"), to be issued upon the termination of the Company's Deferred Benefit Plan (the "Plan") we, as your counsel, have examined such certificates, instruments, and documents and have reviewed such questions of law as we have considered necessary or appropriate for the purposes of this opinion. On the basis of such examination and review, we advise you that, in our opinion:

1. The Registered Shares have been legally authorized.
2. When the Registration Statement has become effective and any Registered Shares have been acquired by a Plan participant in accordance with the Plan, said Registered Shares will be validly issued, fully paid, and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

Consent of Independent Auditors

The Board of Directors
White Mountains Insurance Group, Inc.:

We consent to the incorporation by reference in the Registration Statement on Form S-8 of White Mountains Insurance Group, Inc. (formerly "Fund American Enterprises Holdings, Inc."), pertaining to the Deferred Benefit Plan, of our report dated February 12, 1999, except for note 20, which is as of March 25, 1999, relating to the consolidated balance sheets of White Mountains Insurance Group, Inc. and subsidiaries as of December 31, 1998, and 1997, and the related consolidated income statements, statements of shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 1998, and all related schedules, which report is included in the December 31, 1998 annual report on Form 10-K of White Mountains Insurance Group, Inc.

KPMG LLP

Providence, Rhode Island
October 19, 1999

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement on Form S-8 of White Mountains Insurance Group, Inc. (formerly "Fund American Enterprises Holdings, Inc."), pertaining to the Deferred Benefit Plan, of our report dated March 21, 1997, with respect to the consolidated financial statements and schedule of White Mountains Insurance Group, Inc., included in its Annual Report (Form 10-K) for the year ended December 31, 1996 filed with the Securities and Exchange Commission.

Ernst & Young LLP

New York, New York
October 19, 1999

Consent of Independent Accountants

We consent to the incorporation by reference in the Registration Statement on Form S-8 of White Mountains Insurance Group, Inc. (formerly "Fund American Enterprises Holdings, Inc."), pertaining to the Deferred Benefit Plan of our report dated January 26, 1999, except for the restatements and reclassifications section in Note 2 as to which the date is August 4, 1999 with respect to the consolidated financial statements of Financial Security Assurance Holdings, Ltd. and Subsidiaries as of December 31, 1998 and 1997 and for each of the three years in the period ended December 31, 1998, our report dated February 2, 1999, except for Note 17 as to which the date is February 24, 1999 with respect to the consolidated financial statements of Folksamerica Holding Company, Inc. and its subsidiaries as of and for the year ended December 31, 1998 and our report dated February 14, 1997 with respect to the consolidated statements of operations, changes in stockholder's equity and cash flows of Valley Group Inc. and Subsidiaries for the year ended December 31, 1996.

PricewaterhouseCoopers LLP

New York, New York
October 19, 1999