

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

April 7, 2020

Date of Report (Date of earliest event reported)

WHITE MOUNTAINS INSURANCE GROUP, LTD.

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

1-8993
(Commission file number)

94-2708455
(I.R.S. Employer Identification No.)

80 South Main Street, Hanover, New Hampshire 03755
(Address of principal executive offices)

(603) 640-2200
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Shares, par value \$1.00 per share	WTM	New York Stock Exchange Bermuda Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 7.01 Regulation FD Disclosure.

On April 7, 2020 White Mountains Insurance Group Ltd's (the "Company") posted its 2019 Management Report (the "Annual Report") to its website. The Annual Report included a letter discussing the impact of COVID-19 from G. Manning Rountree, the Company's CEO, that is being furnished as Exhibit 99.1 to this Form 8-K. The entire Annual Report is available on the Company's website at www.whitemountains.com.

The information in this report (including Exhibit 99.1) is being furnished pursuant to Item 7.01 and shall not be deemed to be filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise be subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

ITEM 9.01 Financial Statements and Exhibits.

(d) Exhibits. The following exhibit is furnished herewith:

EXHIBIT INDEX

[99.1 Supplemental Regulation FD Disclosure.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

April 8, 2020

WHITE MOUNTAINS INSURANCE GROUP, LTD.

By:

/s/ J. BRIAN PALMER
J. Brian Palmer
Managing Director and
Chief Accounting Officer

*COVID-19 UPDATE***G. MANNING ROUNTREE**

*Chief Executive Officer
White Mountains*

Dear Fellow Shareholders:

Over the course of a few weeks this Winter, the world has watched the rapid escalation of a global pandemic. In this historic moment, our 2019 results can feel distant and diminished. Our customary annual report follows, but I would like first to provide an update on our response to the pandemic as well as some early observations on the impacts to our businesses.

In reacting to COVID-19, our primary objective has been to protect the health and safety of our people. We are fortunate to own and operate businesses that are inherently mobile. We are even more fortunate to have robust business continuity plans at both the parent company and operating company levels. And we are most fortunate to have exceptional people, who care deeply about this company and one another. We remain open for business, operating remotely at all levels, and not missing a beat.

It is clear now that the impact of COVID-19 on the global economy will be significant, and White Mountains will not be spared. The depth and length of that impact is impossible to forecast, and I am not inclined to speculate. Instead, let's focus on a few key facts as of March 31:

- We estimate ABVPS^{NGM} is down 3% from year end 2019, to roughly \$985. This decline is driven primarily by a -8% Total Portfolio Return^{NGM}.
- This estimate does not reflect any changes, up or down, to our year end 2019 marks on the BAM surplus notes, the Kudu participation contracts, or our investments in MediaAlpha, PassportCard/DavidShield or Elementum.
- Our share price is down 18% from year end 2019, to \$910, caught up in the broad market selloff in financial and insurance stocks.
- Away from HG Re's reinsurance of financial guarantees of essential public purpose municipal debt, we currently have no traditional insurance liabilities. Zero.
- We maintain \$0.8 billion of undeployed capital and ample liquidity. On March 23, we announced NSM's agreement to acquire Kingsbridge. On March 31, we announced Kudu's investment in Creation Investments. We remain open for business on the deal front.
- We have begun the measured repurchase of White Mountains stock. As of March 31, we have repurchased \$48 million worth of our shares year to date, at an average price per share of \$816.
- The portfolio companies most directly affected by the pandemic are PassportCard/DavidShield, Kudu and BAM, which I will address in turn:

COVID-19 UPDATE

- o At PassportCard/DavidShield, we are experiencing a relatively modest claims event thus far, but a significant decline in premiums and revenues driven by the global slowdown in travel activity. We have committed to inject \$15 million of capital into the business in 2Q20, in order to support operations and to continue global expansion without hesitation. We are true believers in PC/DS's distinctive products and services, which we feel will have even greater resonance with customers on the other side of the pandemic.
- o At Kudu, we are experiencing a decline in AUM and same-store sales revenue, which we estimate are both down roughly 10% from 4Q19 to 1Q20. Kudu's conscious portfolio diversification, in particular its emphasis on private capital and its de-emphasis on long-only, is providing a degree of downside protection. Over the past two years, we have largely funded Kudu's capital needs by selling equities from the parent company investment portfolio, decreasing pure beta exposure while increasing exposure to a going concern with a very different risk/return profile. For the moment at least, this feels like a good trade. Kudu has fresh capital available and continues to see strong deal flow.
- o BAM's year to date results are broadly in line with our expectations, notwithstanding a maelstrom of cross-currents in the markets. Interest rates are down, but credit spreads are wider. Markets are seized up, but a backlog of issuance is building. The direction of primary market pricing is unclear at this time. However, volatility should give rise, over time, to both increased insured penetration in the primary market and enhanced opportunity in the secondary market. Financial stress could emerge at the municipal level, but we take comfort in the quality of the existing credit portfolio and our capital strength. However these various factors play out, BAM is unwavering in its approach and will continue to build its business by underwriting one credit at a time.

NSM and MediaAlpha have produced good results in 1Q20. Both businesses do have some correlation with the broader macroeconomic cycle. NSM's exposure is primarily in the direct-to-consumer businesses (collector car & pet), while MediaAlpha's exposure is to advertising spend in its core verticals. Results at NSM and MediaAlpha could soften in the coming quarters, but we do not anticipate dramatic impacts over the fullness of time. Meanwhile, Elementum's business is in good shape and has low correlation with the broader macroeconomic cycle and financial markets.

Our annual Investor Day will be held in Fall 2020. Until we see you again, be safe and well, and rest assured that we remain focused on our core mission of growing your per share values over long periods of time.

Respectfully submitted,



G. Manning Rountree

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This document contains 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. These statements include our estimates of Adjusted Book Value Per Share and GAAP book value per share as of March 31, 2020 and Total Portfolio Return and GAAP investment return for the first quarter of 2020. The words "will", "believe", "expect", "anticipate", "estimate", "feels", "appears", "could", "should", "experiencing", "continue", and similar expressions are also intended to identify forward-looking statements.

Statements in this document regarding White Mountains's businesses that are not historical facts are forward-looking statements that involve risks and uncertainties. For a discussion of risks and uncertainties that could cause actual results to differ from the expectations and predictions contained in the forward-looking statements, see "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Quantitative and Qualitative Disclosures About Market Risk" in White Mountains's Annual Report on Form 10-K for the year ended December 31, 2019.

NON-GAAP FINANCIAL MEASURES

This Exhibit 99.1 includes two non-GAAP financial measures that have been reconciled from their most comparable GAAP financial measures. White Mountains believes these measures to be useful in evaluating White Mountains's financial performance.

Adjusted Common Equity, Adjusted Common Shares Outstanding and Adjusted Book Value Per Share - White Mountains
Adjusted Common Equity, Adjusted Common Shares Outstanding and Adjusted Book Value Per Share are non-GAAP financial measures. Adjusted Common Equity is derived by adjusting the GAAP book value per share numerator to (i) include a discount for the time value of money arising from the modeled timing of cash payments of principal and interest on the BAM surplus notes and (ii) to add back the unearned premium reserve, net of deferred acquisition costs, at HG Global. Adjusted Common Shares Outstanding is derived by adjusting the common shares outstanding to exclude unearned restricted common shares, the compensation cost of which, at the date of calculation, has yet to be amortized. Restricted common shares are earned on a straight-line basis over their vesting periods. Adjusted Book Value Per Share (ABVPS) is the result of dividing the Adjusted Common Equity by Adjusted Common Shares Outstanding.

	Estimate Quarter Ended March 31, 2020 ¹	Year Ended December 31, 2019
Book value per share numerators (\$ in millions):		
GAAP common shareholders' equity	\$ 3,096	\$ 3,262
97% of the time value of money discount on the BAM surplus notes	(152)	(152)
97% of HG Global's unearned premium reserve	161	157
97% of HG Global's net deferred acquisition costs	(43)	(42)
Adjusted Common Equity (ABVPS numerator)	\$ 3,062	\$ 3,225
Book value per share denominators (in 000's):		
Common shares outstanding	3,135	3,185
Unearned restricted common shares	(27)	(19)
Adjusted Common Shares Outstanding (ABVPS denominator)	3,108	3,167
GAAP book value per share	\$ 988	\$ 1,024
Adjusted Book Value Per Share	\$ 985	\$ 1,018

¹ This estimate does not reflect any changes, up or down, to the year end marks on the time value of money discount on the BAM surplus notes, the Kudu participation contracts, or our investments in MediaAlpha, PC/DS or Elementum.

Total Portfolio Return - White Mountains

Total Portfolio Return is a non-GAAP financial measure that removes from GAAP investment return the investment returns of BAM's and Kudu's invested assets, MediaAlpha, PassportCard/DavidShield, unconsolidated other operating businesses and various other adjustments.

	Estimate Quarter Ended March 31, 2020 ¹
GAAP investment return	-4.2%
Remove:	
BAM invested assets	-2.0%
Kudu invested assets	-0.9%
MediaAlpha	-0.3%
PassportCard/DavidShield	-0.1%
Unconsolidated other operating businesses	0.0%
All other	-0.1%
Total Portfolio Return	-7.6%

¹ This estimate does not reflect any changes, up or down, to the year end marks on the Kudu participation contracts or our investments in MediaAlpha, PC/DS or Elementum.
