

**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**

**November 30, 2004**

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))

**ITEM 1.01. Entry into Material Definitive Agreements.**

On November 30, 2004, White Mountains Insurance Group, Ltd. ("White Mountains") completed a significant corporate reorganization. As part of the reorganization, ownership of Folksamerica Holding Company, Inc. was transferred to White Mountains Re from Fund American Companies, Inc. ("Fund American"), which remains OneBeacon's parent. As a result, the legal organization of White Mountains' subsidiaries is consistent with its main operating businesses (i.e., OneBeacon, White Mountains Re and Esurance), and White Mountains Re is now a cohesive, global reinsurance organization both legally and operationally. The reorganization also allows White Mountains to independently manage the financial structures of its main operating segments.

In order to effect the reorganization, White Mountains and Fund American entered into or amended certain agreements with respect to the Series A Preferred Stock of Fund American (the "Series A Preferred Stock"), which is owned by subsidiaries of Berkshire Hathaway Inc. ("Berkshire").

Under the terms of a Keep-Well Agreement dated November 30, 2004 between White Mountains and Fund American (the "Keep-Well"), White Mountains has agreed to return to Fund American up to approximately \$1.1 billion, which equals the amount of net assets transferred out of Fund American as a result of the reorganization, if some or all of that amount is required by Fund American to meet its obligations to Berkshire under the Series A Preferred Stock. Additionally, the Keep-Well limits the aggregate amount of distributions that White Mountains may make to its shareholders to approximately \$1.3 billion plus White Mountains' aggregate consolidated net income after September 30, 2004. The Keep-Well will expire when all obligations of the Series A Preferred Stock, which is redeemable in May of 2008, have been satisfied, or when approximately \$1.1 billion has been returned to Fund American.

The Amended and Restated Certificate of Designation of Series A Preferred Stock of Fund American, an amendment to the original Fund American Series A Preferred Stock Subscription Agreement, and the Keep-Well have been filed herewith as Exhibits 99.1, 99.2 and 99.3, respectively. The original Subscription Agreement among Berkshire, Fund American and White Mountains dated May 30, 2001 was previously filed as Exhibit 99(t) of White Mountains' Current Report on Form 8-K dated June 1, 2001.

**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.

WHITE MOUNTAINS INSURANCE GROUP, LTD.

By: /s/ J. BRIAN PALMER

DATED: December 3, 2004

**EXHIBIT INDEX**

- 99.1 Amended and Restated Certificate of Designation of Series A Preferred Stock of Fund American Companies, Inc.
- 99.2 Amendment Agreement dated as of November 30, 2004, between General Reinsurance Corporation, a Delaware corporation, White Mountains Insurance Group, Ltd. ("WM"), a company existing under the laws of Bermuda, and Fund American Companies, Inc., a Delaware corporation and wholly-owned subsidiary of WM.
- 99.3 Keep-Well Agreement, dated as of November 30, 2004, by and between White Mountains Insurance Group, Ltd. ("WM"), a company existing under the laws of Bermuda, and Fund American Companies, Inc., a Delaware corporation and wholly-owned subsidiary of WM.

AMENDED AND RESTATED  
 CERTIFICATE OF DESIGNATION  
 OF  
 SERIES A PREFERRED STOCK  
 OF  
 FUND AMERICAN COMPANIES, INC.

Pursuant to Section 151 of the General Corporation Law  
 of the State of Delaware

FUND AMERICAN COMPANIES, INC., a Delaware corporation (the "Corporation"), certifies that pursuant to the authority contained in its Certificate of Incorporation, as amended, and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, its Board of Directors (the "Board of Directors") has adopted the following resolution creating a series of its preferred stock, par value \$1.00 per share, designated as Series A Preferred Stock:

RESOLVED, that a series of the class of authorized preferred stock, par value \$1.00 per share, of the Corporation be hereby created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as the "Series A Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting such series shall be 300,000.

Section 2. Dividends and Distribution. (a) The holders of shares of Series A Preferred Stock, in preference to the holders of shares of the common stock, par value \$1.00 per share (the "Common Stock"), of the Corporation and of any other shares of any other class or series of capital stock of the Corporation (such Common Stock and other capital stock to be referred to collectively as "Junior Stock"), shall be entitled to receive, when, as and if declared by the Board of Directors out of net profits or net assets of the Corporation legally available for the payment of dividends, cumulative dividends payable in cash at the quarterly rate of \$23.5475 per share, and no more, in equal quarterly payments on March 31, June 30, September 30 and December 31 (or if any of such days is not a Business Day, the Business Day next preceding such day) in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date" and any dividend not paid on such date being referred to herein as "past due"), commencing on the first Quarterly Dividend Payment Date, which is expected to be March 31, 2001. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend declared thereon,

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which record date shall be no more than 60 days nor less than 10 days prior to the date fixed for the payment thereof.

(b) Dividends payable pursuant to paragraph (a) of this Section 2 shall begin to accrue and be cumulative from the date of original issue of the Series A Preferred Stock. The amount of dividends so payable shall be determined on the basis of a 91.25 day quarter. On the first Quarterly Dividend Payment Date, the holders of shares of Series A Preferred Stock shall be entitled pursuant to this paragraph (b) to receive, when, as and if declared by the Board of Directors out of the net profits or net assets of the Corporation legally available for the payment of dividends, a cumulative cash dividend per share in the amount of (i) \$23.5475 multiplied by (ii) a fraction equal to the number of days from (but not including) such date of original issue to (and including) the first Quarterly Dividend Payment Date divided by 91.25, and no more.

(c) If any applicable dividend payment or redemption payment is not made on a Quarterly Dividend Payment Date or the date set for such redemption, respectively, thereafter all such dividend payments and redemption payments that are past due and unpaid shall accrue and accumulate additional dividend amounts at a quarterly rate of 2.35475% compounded each quarter with respect to any amounts past due, with the amount of such additional dividend amounts added to such amounts past due until all such amounts past due shall have been paid in full (or declared and funds sufficient therefor Set Apart for Payment).

(d) If any dividend or redemption payment on the Series A Preferred Stock is not paid when due, the Corporation shall be prohibited from declaring, paying or setting apart for payment any dividends or making any other distributions on any Junior Stock, and from redeeming, purchasing or otherwise acquiring (or making any payment to or available for a sinking fund for the redemption, purchase or other acquisition of any shares of such stock) (either directly or through any Subsidiary) any shares of Junior Stock, until all (i) Accrued Dividends and (ii) redemption payments that are past due are paid in full. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such Accrued Dividends payable and due on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

(e) The holders of shares of Series A Preferred Stock shall not be entitled to receive any dividends or other distributions except as provided in this Certificate of Designation.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have no voting rights, and their consent shall not be required for the taking of any corporate action, except:

(a) for any voting rights provided in the Corporation's Certificate of Incorporation, as it may be amended or restricted from time to time (the "Certificate of Incorporation");

(b) for any voting rights required by the General Corporation Law of the State of Delaware; and

(c) for so long as any shares of Series A Preferred Stock shall be outstanding, the Corporation shall not amend, alter or repeal the Certificate of Incorporation or this Certificate of Designation or otherwise alter or change the preferences, rights or powers of the Series A Preferred Stock, in

each case in a manner that adversely affects the preferences, rights or powers of the Series A Preferred Stock or increases the authorized number of shares of Series A Preferred Stock, without first obtaining the consent or approval of the holders of at least two-thirds of the number of then-outstanding shares of Series A Preferred Stock, voting as a single class, given in person or by proxy at a meeting at which the holders of such shares shall be entitled to vote separately as a class, or by written consent.

Section 4. Certain Restrictions. So long as any shares of Series A Preferred Stock are outstanding, the Corporation and its Subsidiaries shall not declare or pay any dividend or distribution on Junior Stock or repurchase any shares of Junior Stock or make any loan to, or guarantee any indebtedness of, White Mountains Insurance Group, Ltd. ("WTM") or any Subsidiary of WTM (other than the Corporation or any of its Subsidiaries), without the written consent of the holders of a majority of the number of outstanding shares of Series A Preferred Stock, unless the amount of such dividend, distribution, repurchase, loan or guarantee by the Corporation or a Subsidiary of the Corporation is less than, without duplication, (a) the sum of (i) the Corporation's aggregate consolidated net income (determined in accordance with United States generally accepted accounting principles) since January 1, 2001, and (ii) the aggregate fair market value of any contributions made by WTM or any Subsidiary of WTM (other than the Corporation or any of its Subsidiaries) since November 30, 2004 to the Corporation or any of its Subsidiaries as either a purchase of Junior Stock or a capital contribution in respect of existing Junior Stock, which contributions were not required to be made by WTM or any such Subsidiary of WTM by any contract or agreement between WTM and the Corporation in existence on November 30, 2004 minus (b) the sum of (x) the aggregate dividends and distributions previously paid by the Corporation since January 1, 2001 (provided that, for this purpose, the distribution to Fund American Enterprises Holdings, Inc., a Delaware corporation, of (A) all of the outstanding shares of White Mountains Re Holdings, Inc., a Delaware corporation ("WTM Re Holdings"), (B) all of the outstanding shares of Esurance, Inc., a Delaware corporation ("Esurance"), owned by the Corporation, (C) the \$42,600,000 promissory note (plus accrued interest and related charges thereon), issued by Esurance, dated as of March 8, 2001, (D) the 3-year, \$150,000,000 note (plus accrued interest and related charges thereon) issued by White Mountains Re Group, Ltd., a company existing under the laws of Bermuda, dated as of December 10, 2003, (E) the 7-year, \$150,000,000 senior debenture (plus accrued interest and related charges thereon) issued by WTM Re Holdings, dated as of November 30, 2004, (F) the 10-year, \$150,000,000 senior debenture (plus accrued interest and related charges thereon) issued by WTM Re Holdings, dated as of November 30, 2004 and (G) the 30-year, \$200,000,000 junior subordinated debenture

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(plus accrued interest and related charges thereon) issued by WTM Re Holdings, dated as of November 30, 2004, shall be deemed to be a distribution of \$200.0 million), (y) any Accrued Dividends that are past due and any past due dividends then due to be paid on equity securities of the Corporation other than the Common Stock (except to the extent that any such Accrued Dividends or past due dividends otherwise reduce the Corporation's aggregate consolidated net income) and (z) the aggregate principal amount of any other then outstanding indebtedness (plus accrued interest and other related charges thereon) of WTM or any Subsidiary of WTM (other than the Corporation or any of its Subsidiaries) guaranteed by or payable to the Corporation or any of its Subsidiaries (other than guarantees or indebtedness permitted by the proviso hereto); provided, however, that notwithstanding this restriction and in addition to what is permitted pursuant thereto, unless prohibited by Section 2(d) hereof, (1) aggregate dividends not in excess of \$20.0 million (in addition to any dividends paid on the Series A Preferred Stock) may be paid by the Corporation in each of calendar years 2001, 2002 and 2003 and (2) the Corporation or any of its Subsidiaries may make loans to WTM or any Subsidiary of WTM (other than the Corporation or any of its Subsidiaries) and unconditionally guarantee payment of indebtedness (plus accrued interest and other related charges thereon) of WTM or any such Subsidiary of WTM (provided any demand for payment in connection with amounts guaranteed must first be made on WTM or the applicable Subsidiary of WTM, unless WTM or the applicable Subsidiary of WTM is the subject of a voluntary or involuntary proceeding under Federal or state bankruptcy, insolvency or similar law) of up to \$150.0 million principal amount in such loans and guaranteed indebtedness. For the avoidance of doubt, this Section 4 shall not prohibit any transactions between the Subsidiaries of the Corporation or between the Corporation and any of its Subsidiaries.

Section 5. Redemption. (a) On May 31, 2008 (the "Redemption Date"), if any shares of Series A Preferred Stock remain outstanding, the Corporation shall (i) redeem all outstanding shares of Series A Preferred Stock by paying therefor in cash \$1,000 per share and (ii) cause the declaration, as payable, of all Accrued Dividends on the outstanding shares of Series A Preferred Stock to the Redemption Date and shall pay all such declared Accrued Dividends. The amount payable in connection with the redemption of all of the outstanding shares of Series A Preferred Stock pursuant to this Section 5 shall be referred to as the "Redemption Price". For the period beginning on the first day after the immediately preceding Quarterly Dividend Payment Date and ending on the Redemption Date, the holders of shares of Series A Preferred Stock shall be entitled to receive a cash dividend per share in the amount of (i) \$23.5475 multiplied by (ii) a fraction equal to the number of days in such period divided by 91.25. Except as provided in this Section 5(a), the Corporation shall not have any right or obligation to redeem any share of Series A Preferred Stock.

(b) Notice of the redemption of shares of Series A Preferred Stock pursuant to Section 5(a) shall be mailed no more than 60 days nor less than 30 days prior to the Redemption Date to each holder of shares of Series A Preferred Stock to be redeemed, at such holder's address as it appears on the transfer books of the Corporation.

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In order to facilitate the redemption of shares of Series A Preferred Stock, the Board of Directors may fix a record date for the determination of shares of Series A Preferred Stock to be redeemed no more than 60 days nor less than 30 days prior to the Redemption Date.

(c) On or prior to the Redemption Date, the Corporation shall Set Apart for Payment the Redemption Price and thereafter the shares of Series A Preferred Stock shall be deemed to have been redeemed on the Redemption Date, whether or not the certificate(s) for such shares of Series A Preferred Stock shall be surrendered for redemption and cancelled. Upon surrender to the Corporation by the holders of such certificate(s) for shares of Series A Preferred Stock, the Corporation shall cause the Redemption Price to be paid to such holders.

Section 6. Reacquired Shares. Any shares of Series A Preferred Stock redeemed, purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof, and, if necessary to provide for the lawful redemption or purchase of such shares, the capital represented by such shares shall be reduced in accordance with the General Corporation Law of the State of Delaware. All such shares shall upon their cancellation become authorized but unissued shares of preferred stock, par value \$1.00 per share, of the Corporation and may be reissued as part of another series of preferred stock, par value \$1.00 per share, of the Corporation.

Section 7. Liquidation, Dissolution or Winding Up. (a) If the Corporation shall adopt a plan of liquidation or of dissolution, or commence a voluntary case under the Federal bankruptcy laws or any other applicable state or Federal bankruptcy, insolvency or similar law, or consent to the entry of

an order for relief in any involuntary case under any such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Corporation or of any substantial part of its property, or make an assignment for the benefit of its creditors, or admit in writing its inability to pay its debts generally as they become due and on account of such event the Corporation shall liquidate, dissolve or wind up, or upon any other liquidation, dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of Junior Stock, unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received \$1,000 per share plus all Accrued Dividends thereon to the date of such payment.

(b) Neither the consolidation, merger or other business combination of the Corporation with or into any other Person or Persons nor the sale, lease, exchange or conveyance of all or any part of the property, assets or business of the Corporation to a Person or Persons shall be deemed to be a liquidation, dissolution or winding up of the Corporation for purposes of this Section 7.

Section 8. Rank. The Series A Preferred Stock shall rank, with respect to preferences and relative, participating, optional and other special rights of the shares of such series and the qualifications, limitations and restrictions thereof, including, without

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limitation, with respect to the payment of dividends and redemption payments and the distribution of assets, whether upon liquidation or otherwise, prior to all shares of Junior Stock of the Corporation.

Section 9. Definitions. For the purposes of this Certificate of Designation:

“Accrued Dividends”, with respect to a particular date (the “Applicable Date”), means all unpaid dividends payable pursuant to Section 2 and/or Section 5, whether or not declared, accrued to the Applicable Date, including any additional dividend amounts accrued on past due dividend or redemption payments pursuant to Section 2(c).

“Business Day” means any day other than a Saturday, Sunday, or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

“Person” shall mean any person or entity of any nature whatsoever, specifically including an individual, a firm, a company, a corporation, a partnership, a trust or other entity.

“Set Apart for Payment” shall mean the Corporation shall have deposited with a bank or trust company doing business in the Borough of Manhattan, the City of New York, and having a capital and surplus of at least \$50,000,000, in trust for the exclusive benefit of the holders of shares of Series A Preferred Stock, funds sufficient to satisfy the Corporation’s payment obligation.

“Subsidiary” of any Person means any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by such Person.

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IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Designation to be duly executed by its [ ] and attested to by its Secretary and has caused its corporate seal to be affixed hereto, this            day of            , 2004.

FUND AMERICAN COMPANIES,  
INC.

By

\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Secretary

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AMENDMENT AGREEMENT dated as of November 30, 2004 (this "Agreement"), between GENERAL REINSURANCE CORPORATION ("GenRe"), a Delaware corporation, WHITE MOUNTAINS INSURANCE GROUP, LTD. ("WM"), a company existing under the laws of Bermuda, and FUND AMERICAN COMPANIES, INC. (the "Company"), a Delaware corporation and wholly-owned subsidiary of WM.

WITNESSETH:

WHEREAS Berkshire Hathaway Inc. ("Berkshire"), a Delaware corporation, WM and the Company entered into a Subscription Agreement dated as of May 30, 2001 (the "Subscription Agreement"), for the sale to Berkshire of 300,000 shares of Series A Preferred Stock (the "Preferred Stock"), no par value, of the Company;

WHEREAS on June 1, 2001 Berkshire assigned all of its rights under the Subscription Agreement to GenRe; and

WHEREAS the parties desire to make certain amendments to the Subscription Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, GenRe, WM and the Company agree as follows:

SECTION 1. *Amendment to Subscription Agreement.*

The parties agree to amend the Subscription Agreement by deleting the words "as a result of Newco's lack of available earnings and profits," from Section 8.01(a).

SECTION 2. *Governing Law.*

This Agreement shall be governed by the laws of the State of New York, without regard to the principles of conflicts of laws (to the extent that the application of the laws of another jurisdiction would be required thereby). The parties hereto irrevocably submit to the non-exclusive jurisdiction of the courts of the State of New York and of the United States for the Southern District of New York in respect of any action or proceeding relating in any way to this Agreement.

SECTION 3. *Counterparts.*

This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and

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delivered shall be deemed an original, but all of which shall together constitute one and the same instrument.

SECTION 4. *Headings Descriptive.*

The headings of the several sections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

SECTION 5. *Amendment or Waiver.*

Neither this Agreement nor any of the terms hereof may be amended, modified, supplemented, waived, discharged or terminated unless such amendment, modification, supplement, waiver, discharge or termination is in writing signed by GenRe, WM and the Company. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

SECTION 6. *Successors.*

This Agreement shall be mutually binding upon, and inure to the mutual benefit of, GenRe, WM and the Company and their respective successors.

[Remainder of page intentionally left blank]

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IN WITNESS WHEREOF, GenRe, WM and the Company have duly executed this Agreement, all as of the date first written above.

GENERAL REINSURANCE CORPORATION,

By

\_\_\_\_\_  
Name:  
Title:

WHITE MOUNTAINS INSURANCE GROUP, LTD.,

By

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Name:  
Title:

FUND AMERICAN COMPANIES, INC.

By

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Name:  
Title:

KEEP-WELL AGREEMENT, dated as of November 30, 2004, by and between WHITE MOUNTAINS INSURANCE GROUP, LTD. ("WM"), a company existing under the laws of Bermuda, and FUND AMERICAN COMPANIES, INC. (the "Company"), a Delaware corporation and wholly-owned subsidiary of WM.

WITNESSETH:

WHEREAS, pursuant to the Certificate of Designation of Series A Preferred Stock of the Company (the "Certificate of Designation"), dated May 30, 2001, the Board of Directors of the Company set forth the voting powers, preferences and relative, participating, optional and other special rights and the qualifications, limitations and restrictions of the 300,000 shares of Series A Preferred Stock, \$1.00 par value, of the Company (the "Preferred Stock");

WHEREAS, pursuant to Section 4 of the Certificate of Designation, the Company may not, in certain circumstances, declare or pay any dividend on, or make any distribution to, any Junior Stock without the written consent of the holders of a majority of the number of outstanding shares of the Preferred Stock;

WHEREAS, in connection with the restructuring of WM, the Company desires to make a distribution to Fund American Enterprises Holdings, Inc., a Delaware corporation, of (i) all of the outstanding shares of White Mountains Re Holdings, Inc., a Delaware corporation ("WM Re Holdings"); (ii) all of the outstanding shares of Esurance, Inc., a Delaware corporation ("Esurance"), currently owned by the Company; (iii) the \$42,600,000 promissory note (plus accrued interest and related charges thereon) issued by Esurance, dated as of March 8, 2001, (iv) the 3-year, \$150,000,000 note (plus accrued interest and related charges thereon) issued by White Mountains Re Group, Ltd., a company existing under the laws of Bermuda, dated as of December 10, 2003; (v) the 7-year, \$150,000,000 senior debenture (plus accrued interest and related charges thereon) issued by WM Re Holdings, dated as of November 30, 2004; (vi) the 10-year, \$150,000,000 senior debenture (plus accrued interest and related charges thereon) issued by WM Re Holdings, dated as of November 30, 2004 and (vii) the 30-year, \$200,000,000 junior subordinated debenture (plus accrued interest and related charges thereon) issued by WM Re Holdings, dated as of November 30, 2004 (the "Distribution"); and

WHEREAS, WM will derive benefits from the making of the Distribution.

NOW, THEREFORE, WM is willing to execute and deliver this Agreement in order to allow the Company to secure the written consent of the holders of a majority of the number of outstanding shares of the Preferred Stock to make the Distribution, as follows:

SECTION 1. *Definitions.* (a) Capitalized terms and the term "past due" used in this Agreement and not otherwise defined herein have the meanings specified in the Certificate of Designation.

(b) As used herein, the term "Obligations" means the following payments to be made by the Company to any holder of any shares of the Preferred Stock: (i) any and all amounts to be paid by the Company to any holder of any shares of Preferred Stock pursuant to the Certificate of Designation, including, without limitation, (a) any Accrued Dividends that have been declared and (b) the Redemption Price and (ii) the Company's obligations referenced as Indemnity Obligations in clause (iii) of the fourth paragraph of that certain Consent Agreement dated November 30, 2004 between the Company and RCI Corporation of Delaware.

(c) The words "hereof", "herein", "hereto", and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section references are to sections of this Agreement unless otherwise specified. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 2. *Required WM Contributions.* (a) If any Obligation has become due and payable to the holders of the Company's Preferred Stock (it being understood and agreed that Accrued Dividends shall not be deemed due and payable unless declared or upon the Redemption Date) and WM receives a written notice from (i) the Company that the Company is unable to pay such Obligations or (ii) from any holder of the Company's Preferred Stock, on behalf of the Company, that such Obligations have not been paid and are past due, which notice shall set forth the nature and amount of such Obligations (a "Contribution Notice"), WM agrees that it will, subject to the terms and conditions hereunder, make, or cause its Subsidiaries (other than the Company or any of its Subsidiaries) to make, contributions to the Company so that the Company shall have sufficient funds to fully pay such Obligations. For the avoidance of doubt, WM agrees that upon receipt of a duly provided Contribution Notice it is obligated, subject to Section 2(b), to make contributions under this Section 2 in amounts sufficient to allow the Company to legally pay the Obligations specified in such Contribution Notice, including, without limitation, to allow the Company to legally declare as payable all such Obligations representing Accrued Dividends that have been declared (it being understood that, without limiting the obligation of the Company under the Certificate of Designation to declare Accrued Dividends as payable on the Redemption Date, there is no obligation under this Section 2 to declare any Accrued Dividends to be payable) and to allow the Company to legally pay, or Set Apart for Payment, such Obligations representing the full Redemption Price. Such contributions shall, in the sole discretion of WM, be made either through purchases of Junior Stock or capital contributions in respect of existing Junior Stock.

(b) Under no circumstances will WM be obligated hereunder to provide an amount of contributions greater than \$1,127,500,000 in the aggregate over the term of this Agreement (the "Maximum Contribution").

(c) WM will make any contribution required hereunder within 10 Business Days of receiving a Contribution Notice (except to the extent that the Obligations in respect of which such Contribution Notice was given have otherwise been paid).

SECTION 3. *No Dividends, Distributions or Repurchases.*



WM shall not declare or pay any dividend or distribution to the holders of shares of its common stock or to the holders of any other class or series of its capital stock or repurchase any shares of its common stock or any other class or series of its capital stock (any such dividend, distribution or repurchase, a "WM Distribution") unless the amount of such WM Distribution is less than (a) the sum of (i) \$1,282,500,000 and (ii) the aggregate consolidated net income of WM (determined in accordance with United States generally accepted accounting principles) since September 30, 2004 minus (b) the aggregate WM Distributions made by WM since the date hereof. Notwithstanding the foregoing, if any contributions are required by Section 2 hereof but are not made by WM or one or more Subsidiaries of WM (other than the Company or any its Subsidiaries) when due, WM shall not make any WM Distribution until such required contributions have been made (or the Obligations in respect of which such contributions were required are otherwise paid).

SECTION 4. *No Guarantee of Indebtedness.*

This Agreement is not, and nothing herein contained and nothing done by WM pursuant hereto shall be deemed to constitute, a guarantee, direct or indirect by WM of any indebtedness of the Company or any instrument issued by it.

SECTION 5. *Third-Party Beneficiary Rights and Equitable Relief.*

This Agreement is for the sole benefit of, and is enforceable against WM only by, the Company and shall not be enforceable by any stockholder or creditor of the Company or any other person and shall not be construed as having granted any third-party beneficiary rights in favor of any person; provided, however, that the holders of the Preferred Stock are intended third-party beneficiaries of Section 2, Section 3, Section 6, Section 8, Section 11 and Section 12 hereof, as well as this Section 5 hereof, with the intent that such holders may, individually or in the aggregate, directly enforce on behalf of the Company (and, in the case of Sections 5, 6 and 11, on behalf of the holders of the Preferred Stock) the terms of such Sections, including, without limitation the right to seek equitable relief, including injunction and specific performance. WM acknowledges that money damages alone would not be a sufficient remedy for any breach of this Agreement, and that, in addition to any money damages to which the Company or, in the case of Sections 5, 6 or 11, any holder of the Preferred Stock may be entitled, the Company and, in the case of Sections 5, 6 and 11, any holder of Preferred Stock shall be

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entitled to equitable relief, including injunction and specific performance, as remedies for any such breach. Such remedies shall not be deemed the exclusive remedies for a breach hereof by WM, but shall be in addition to all other remedies available at law or in equity.

SECTION 6. *Stock Ownership of the Company.*

In the event that WM shall cease to own directly or indirectly, a majority of the outstanding common stock of the Company, it may procure the entity which will own directly or indirectly a majority of the outstanding common stock of the Company to assume this Agreement; provided that the holders of a majority of the number of outstanding shares of the Preferred Stock consent to such assumption in writing. Upon (i) such assumption and (ii) the receipt of such written consent from the holders of a majority of the number of outstanding shares of the Preferred Stock, WM shall be released from its obligations under this Agreement.

SECTION 7. *Notices.*

All notices and other communications hereunder shall be in writing and shall be deemed to have been given if delivered personally or sent by registered or certified mail (return receipt requested), postage prepaid, or by telecopy to the parties to this Agreement at the following addresses or at such other address for a party as shall be specified by like notice:

If to WM, at:

White Mountains Insurance Group, Ltd.  
80 South Main Street  
Hanover, NH 03755  
Attention: Rob Seelig  
Telecopy: (603) 643-4592

If to the Company, at:

Fund American Companies, Inc.  
370 Church Street  
Guilford, CT 06437  
Attention: Reid Campbell  
Telecopy: (203) 458-0754

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All such notices and communications shall be deemed to have been received on the date of delivery, on the date that the telecopy is confirmed as having been received or on the third Business Day in New York after the mailing thereof, as the case may be.

SECTION 8. *Governing Law.*

This Agreement shall be governed by the laws of the State of New York, without regard to the principles of conflicts of laws (to the extent that the application of the laws of another jurisdiction would be required thereby). The parties hereto irrevocably submit to the non-exclusive jurisdiction of the courts of the State of New York and of the United States for the Southern District of New York in respect of any action or proceeding relating in any way to this Agreement, including any action or proceeding brought by the holders of the Preferred Stock, or any of them, as intended third-party beneficiaries hereunder.

SECTION 9. *Counterparts.*

This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which shall together constitute one and the same instrument.

SECTION 10. *Headings Descriptive.*

The headings of the several sections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

SECTION 11. *Amendment or Waiver.*

Neither this Agreement nor any of the terms hereof may be amended, modified, supplemented, waived, discharged or terminated unless such amendment, modification, supplement, waiver, discharge or termination is in writing signed by WM, the Company and the holders of a majority of the number of outstanding shares of the Preferred Stock. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

SECTION 12. *Successors.*

This Agreement shall be mutually binding upon, and inure to the mutual benefit of, WM and the Company and their respective successors.

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SECTION 13. *Termination.*

Subject to Section 6, the obligations of WM under this Agreement shall terminate upon the earlier of (x) the date on which all Obligations with respect to the Preferred Stock are fully and finally satisfied and (y) the date on which the aggregate contributions made by WM hereunder are equal to or greater than the Maximum Contribution.

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IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

WHITE MOUNTAINS INSURANCE GROUP, LTD.,

By

\_\_\_\_\_  
Name:

Title:

FUND AMERICAN COMPANIES, INC.,

By

\_\_\_\_\_  
Name:

Title:

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