

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

July 15, 1998  
Date of Report (Date of earliest event reported)

FUND AMERICAN ENTERPRISES HOLDINGS, INC.  
(Exact name of registrant as specified in its charter)

Delaware	1-8993	94-2708455
(State or other jurisdiction of incorporation or organization)	(Commission file number)	(I.R.S. Employer Identification No.)

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

(603) 643-1567  
(Registrant's telephone number, including area code)

Item 5. Other Events.

On July 15, 1998, the Boards of Directors of Fund American Enterprises Holdings, Inc. ("Fund American") and White Mountains Holdings, Inc. ("White Mountains") agreed to increase White Mountains' ownership of Folksamerica Holding Company, Inc. ("Folksamerica") from 50% to 100% thereby making Folksamerica a wholly-owned subsidiary of White Mountains. The transaction is expected to close on August 15, 1998.

On July 15, 1998, the registrant issued a Press Release announcing the Folksamerica transaction. A copy of such Press Release is filed herewith as Exhibit 28(a) and is incorporated herein by reference thereto.

Item 7. Financial Statements and Exhibits.

(c) Exhibits. The following exhibits are filed herewith:

Exhibit No.	Description
28 (a)	Press Release dated July 15, 1998.

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.

FUND AMERICAN ENTERPRISES HOLDINGS, INC.

Dated: July 16, 1998

By: \_\_\_\_\_/s/\_\_\_\_\_  
Michael S. Paquette  
Senior Vice President and  
Controller

PRESS  
RELEASE

CONTACT: Terry Baxter  
603-640-2229

FUND AMERICAN TO ACQUIRE  
FOLKSAMERICA

HANOVER, New Hampshire, July 15, 1998 - The current owners of Folksamerica Holding Company, Inc., parent of New York City based Folksamerica Reinsurance Company, announced today that they have agreed to sell their interest in Folksamerica to Fund American Enterprises Holdings, Inc.

Prior to the transaction, Fund American, through its operating subsidiary White Mountains Holdings, had owned 50% of Folksamerica. The other 50% was owned by Folksam Mutual General Insurance Company, of Sweden (21%); Wiener Staeditsche Allegmeine Versicherung AG, of Austria (13%); P&V Assurance S.C., of Belgium (11%); and Samvirke Skadeforsikring AS, of Norway (5%). After the closing, expected to be August 15, 1998, Fund American will own 100% of Folksamerica.

Anders Henriksson of Folksam, who has served as Chairman of Folksamerica, said, "We are proud to have been a founding shareholder of this fine company since 1980. We are pleased to have Fund American and Folksamerica carry on our traditions." Folksamerica CEO Steve Fass said, "Being part of the Fund American and White Mountains family of companies gives us the kind of financial backing that every reinsurer wishes they had. We are delighted." Tom Kemp, President and CEO of Fund American said, "We appreciate the two decades Folksam and their European colleagues have nurtured Folkamerica. The managers they have assembled at Folksamerica, Steve Fass and the rest of his team, are among the best in the business."

Folksamerica is a broker market multiline reinsurer with approximately \$270 million in premium for 1998. At March 31, 1998, Folksamerica had statutory surplus of \$296 million. After this transaction, Fund American will have most of its \$1.1 billion of investments deployed in property/ casualty insurance and related businesses.

Fund American Enterprises Holdings, Inc.  
80 South Main Street  
Hanover, New Hampshire  
(603)-640-2229  
(603) 643-4562 (FAX)

Fund American is a financial services holding company located in Hanover, New Hampshire. In addition to Folksamerica, its principal affiliates are: Financial Security Assurance (FSA) of New York City; Main Street America, Keene, New Hampshire; The Valley Group, Albany, Oregon; The Charter Group, Dallas, Texas; White Mountains Insurance Company, Manchester, New Hampshire; Source One Mortgage Services Corporation, Farmington Hills, Michigan; and ML (Bermuda), parent of The Murray Lawrence Group, a major Lloyds of London underwriter and syndicate manager. Fund American is listed on the New York Stock Exchange under the symbol FFC.