UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period ended June 30, 2011

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-8993

WHITE MOUNTAINS INSURANCE GROUP, LTD.

(Exact name of Registrant as specified in its charter)

Bermuda (State or other jurisdiction of incorporation or organization)	**94-2708455** (I.R.S. Employer Identification No.)
80 South Main Street, **Hanover, New Hampshire** (Address of principal executive offices)	**03755-2053** (Zip Code)

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

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes x No o

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o	Smaller reporting company o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of July 29, 2011, 7,958,589 common shares with a par value of $1.00 per share were outstanding (which includes 73,500 restricted common shares that were not vested at such date).

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PART I. FINANCIAL INFORMATION.

Item 1. Financial Statements

WHITE MOUNTAINS INSURANCE GROUP, LTD.

CONSOLIDATED BALANCE SHEETS

(Millions, except share and per share amounts)	June 30, 2011 Unaudited	December 31, 2010
Assets		
Fixed maturity investments, at fair value	**$ 5,558.9**	$ 5,786.1
Short-term investments, at amortized cost (which approximates fair value)	**813.5**	975.3
Common equity securities, at fair value	**703.8**	667.0
Convertible fixed maturity investments, at fair value	**119.7**	143.0
Other long-term investments	**333.3**	372.1
Total investments	**7,529.2**	7,943.5
Cash (restricted: $345.9 and $286.7)	**483.7**	395.0
Reinsurance recoverable on unpaid losses	**2,193.1**	2,344.0
Reinsurance recoverable on paid losses	**44.5**	63.1
Insurance and reinsurance premiums receivable	**672.0**	532.5
Funds held by ceding companies	**135.8**	118.7
Investments in unconsolidated affiliates	**422.9**	389.7
Deferred acquisition costs	**194.1**	176.1
Deferred tax asset	**407.4**	431.9
Ceded unearned insurance and reinsurance premiums	**141.3**	184.0
Accrued investment income	**61.9**	63.3
Accounts receivable on unsettled investment sales	**23.4**	39.5
Other assets	**679.3**	730.0
Assets held for sale	**1,213.9**	1,122.8
Total assets	**$ 14,202.5**	$ 14,534.1
Liabilities		
Loss and loss adjustment expense reserves	**$ 5,642.4**	$ 5,736.8
Unearned insurance and reinsurance premiums	**1,033.8**	938.7
Debt	**669.0**	818.8
Deferred tax liability	**374.2**	373.2
Accrued incentive compensation	**153.3**	157.4
Funds held under reinsurance treaties	**39.5**	85.8
Ceded reinsurance payable	**160.6**	221.1
Accounts payable on unsettled investment purchases	**44.9**	22.3
Other liabilities	**1,089.1**	1,167.7
Liabilities held for sale	**779.9**	751.5
Total liabilities	**9,986.7**	10,273.3
Shareholders equity and noncontrolling interests		
White Mountains common shareholders equity		
White Mountains common shares at $1 par value per share - authorized 50,000,000 shares; issued and outstanding 7,958,589 and 8,194,925 shares	**8.0**	8.2
Paid-in surplus	**1,313.5**	1,350.8

Retained earnings		**2,102.0**		2,175.6
Accumulated other comprehensive income, after-tax:				
Equity in unrealized gains from investments in unconsolidated affiliates		**80.6**		58.5
Net unrealized foreign currency translation gains		**117.6**		61.4
Other		**(1.2)**		(1.5)
Total White Mountains common shareholders equity		**3,620.5**		3,653.0
Noncontrolling interests				
Noncontrolling interest - OneBeacon Ltd.		**282.6**		295.0
Noncontrolling interest - WMRe Preference Shares		**250.0**		250.0
Noncontrolling interest - consolidated limited partnerships and A.W.G Dewar		**62.7**		62.8
Total noncontrolling interests		**595.3**		607.8
Total equity		**4,215.8**		4,260.8
Total liabilities and equity	**$**	**14,202.5**	$	14,534.1

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WHITE MOUNTAINS INSURANCE GROUP, LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
(Millions, except per share amounts)	**2011**	**2010**	**2011**	**2010**
Revenues:				
Earned insurance and reinsurance premiums	**$ 495.8**	$ 649.4	**$ 982.0**	$ 1,315.2
Net investment income	**45.8**	52.7	**95.3**	108.5
Net realized and unrealized investment gains	**57.3**	11.1	**76.6**	93.1
Other revenue	**(27.8)**	(23.6)	**(34.8)**	(13.5)
Total revenues	**571.1**	689.6	**1,119.1**	1,503.3
Expenses:				
Loss and loss adjustment expenses	**292.4**	402.1	**665.0**	954.0
Insurance and reinsurance acquisition expenses	**100.4**	134.6	**193.1**	273.6
Other underwriting expenses	**74.8**	81.9	**151.0**	177.5
General and administrative expenses	**56.2**	52.3	**84.2**	87.4
Interest expense on debt	**12.9**	14.7	**26.0**	31.0
Total expenses	**536.7**	685.6	**1,119.3**	1,523.5
Pre-tax income (loss) from continuing operations	**34.4**	4.0	**(.2)**	(20.2)
Income tax (expense) benefit	**(9.5)**	2.1	**(1.6)**	2.3
Net income (loss) from continuing operations	**24.9**	6.1	**(1.8)**	(17.9)
Net income (loss) from discontinued operations, net of tax	**(.3)**	1.8	**2.9**	(.8)
Income (loss) before equity in earnings (losses) of unconsolidated affiliates	**24.6**	7.9	**1.1**	(18.7)
Equity in earnings (losses) of unconsolidated affiliates	**7.9**	5.3	**14.6**	(6.3)
Net income (loss)	**32.5**	13.2	**15.7**	(25.0)
Net income attributable to noncontrolling interests	**(20.8)**	(10.7)	**(32.2)**	(12.1)
Net income (loss) attributable to White Mountains common shareholders	**11.7**	2.5	**(16.5)**	(37.1)
Comprehensive income (loss), net of tax:				
Change in equity in net unrealized gains from investments in unconsolidated affiliates	**22.1**	50.4	**22.1**	83.3
Change in foreign currency translation and other	**(5.5)**	(69.4)	**56.5**	(81.0)
Comprehensive income (loss)	**28.3**	(16.5)	**62.1**	(34.8)
Comprehensive income attributable to noncontrolling interests				
Comprehensive income (loss) attributable to White Mountains common shareholders	**$ 28.3**	$ (16.5)	**$ 62.1**	$ (34.8)

Income (loss) per share attributable to White Mountains common shareholders				
Basic income (loss) per share				
Continuing operations	**$ 1.51**	$ .08	**$ (2.42)**	$ (4.15)
Discontinued operations	**(.03)**	.20	**.36**	(.09)
Diluted income (loss) per share				
Continuing operations	**$ 1.51**	$ .08	**$ (2.42)**	$ (4.15)
Discontinued operations	**(.03)**	.20	**.36**	(.09)
Dividends declared and paid per White Mountains common share	**$**	$	**$ 1.00**	$ 1.00

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WHITE MOUNTAINS INSURANCE GROUP, LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited

	White Mountains Common Shareholders Equity				
(Millions)	**Common shareholders equity**	**Common shares and paid-in surplus**	**Retained earnings**	**Accum. other comprehensive income (loss), after-tax**	**Non-controlling interest**
Balances at January 1, 2011	$ 3,653.0	$ 1,359.0	$ 2,175.6	$ 118.4	$ 607.8
Net (loss) income	(16.5)		(16.5)		32.2
Other comprehensive income, after-tax	78.6			78.6	
Dividends declared on common shares	(8.0)		(8.0)		
Dividends to noncontrolling interests					(42.4)
Repurchases and retirements of common shares	(93.2)	(44.1)	(49.1)		
Issuances of common shares	.9	.9			
Net distributions to noncontrolling interests					(2.6)
Amortization of restricted share and option awards	5.7	5.7			.3
Balances at June 30, 2011	**$ 3,620.5**	**$ 1,321.5**	**$ 2,102.0**	**$ 197.0**	**$ 595.3**

	White Mountains Common Shareholders Equity				
(Millions)	**Common shareholders equity**	**Common shares and paid-in surplus**	**Retained earnings**	**Accum. other comprehensive income (loss), after-tax**	**Non-controlling interest**
Balances at January 1, 2010	$ 3,657.4	$ 1,445.0	$ 2,215.9	$ (3.5)	$ 684.1
Cumulative effect adjustment - ASU 2009-17	(.4)		(.4)		(22.8)
Net (loss) income	(37.1)		(37.1)		12.1
Other comprehensive income, after-tax	2.3			2.3	
Dividends declared on common shares	(8.8)		(8.8)		
Dividends to noncontrolling interests					(19.1)
Repurchases and retirements of common shares	(118.3)	(57.4)	(60.9)		
Issuances of common shares	.8	.8			
Net distributions to noncontrolling interests					(7.6)
Amortization of restricted share and option awards	17.7	17.7			.1
Balances at June 30, 2010	**$ 3,513.6**	**$ 1,406.1**	**$ 2,108.7**	**$ (1.2)**	**$ 646.8**

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WHITE MOUNTAINS INSURANCE GROUP, LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited

(Millions)	Six Months Ended June 30, 2011	2010
Cash flows from operations:		
Net income (loss)	$ **15.7**	$ (25.0)
Charges (credits) to reconcile net loss to net cash used for operations:		
Net realized and unrealized investment gains	**(76.6)**	(93.1)
Net income from discontinued operations	**(2.9)**	.8
Other operating items:		
Net change in loss and loss adjustment expense reserves	**(158.3)**	143.0
Net change in reinsurance recoverable on paid and unpaid losses	**182.2**	(22.4)
Net change in unearned insurance and reinsurance premiums	**74.5**	139.2
Net change in funds held by ceding companies	**(7.6)**	(3.8)
Net change in deferred acquisition costs	**(14.7)**	26.2
Net change in ceded unearned premiums	**48.0**	(175.3)
Net change in funds held under reinsurance treaties	**(47.7)**	(14.7)
Net change in insurance and reinsurance premiums receivable	**(124.2)**	(178.8)
Net change in ceded reinsurance payable	**(65.3)**	192.8
Net change in other assets and liabilities, net	**31.8**	52.0
Net cash (used for) provided from operations - continuing operations	**(145.1)**	40.9
Net cash provided from operations - discontinued operations	**9.5**	13.7
Net cash (used for) provided from operations	**(135.6)**	54.6
Cash flows from investing activities:		
Net change in short-term investments	**162.7**	(181.9)
Sales of fixed maturity and convertible fixed maturity investments	**2,110.9**	988.0
Maturities, calls and paydowns of fixed maturity and convertible fixed maturity investments	**825.7**	1,138.0
Sales of common equity securities	**84.9**	95.9
Distributions and redemptions of other long-term investments	**77.9**	7.6
Purchases of other long-term investments	**(22.7)**	(44.4)
Contribution to discontinued operations	**(58.7)**	(17.2)
Purchases of common equity securities	**(91.4)**	(188.8)
Purchases of fixed maturity and convertible fixed maturity investments	**(2,647.2)**	(1,437.1)
Purchases of consolidated and unconsolidated affiliates, net of cash acquired		(4.9)
Net change in unsettled investment purchases and sales	**38.5**	(23.0)
Net acquisitions of property and equipment	**(4.1)**	(1.0)
Net cash provided from investing activities - continuing operations	**476.5**	331.2
Net cash provided from (used for) investing activities - discontinued operations	**7.9**	(7.4)
Net cash provided from investing activities	**484.4**	323.8
Cash flows from financing activities:		
Repayment of debt		(14.0)
Repurchase of debt	**(161.6)**	(197.3)
Cash dividends paid to the Company s common shareholders	**(8.0)**	(8.8)

Cash dividends paid to OneBeacon Ltd. s noncontrolling common shareholders		**(33.0)**		(9.8)
Cash dividends paid on White Mountains Re Group, Ltd. Preference Shares		**(9.4)**		(9.4)
Common shares repurchased		**(93.3)**		(118.3)
OneBeacon Ltd. common shares repurchased and retired				(5.9)
Proceeds from issuances of common shares		**1.0**		.8
Net cash used for financing activities - continuing operations		**(304.3)**		(362.7)
Net cash provided from (used for) financing activities - discontinued operations				
Net cash used for financing activities		**(304.3)**		(362.7)
Effect of exchange rate changes on cash		**2.4**		(2.2)
Net increase in cash during the period		**46.9**		13.5
Net decrease in cash from discontinued operations		**(17.4)**		(6.3)
Cash reclassified to assets held for Personal Lines Transaction				(9.1)
Cash balances at beginning of period (excludes restricted cash balances of $286.7 and $217.1)		**108.3**		123.9
Cash balances at end of period (excludes restricted cash balances of $345.9 and $195.4)	**$**	**137.8**	$	122.0
Supplemental cash flows information:				
Interest paid	**$**	**(23.7)**	$	(30.9)
Net income tax payments to national governments	**$**	**(25.3)**	$	(8.5)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

These interim consolidated financial statements include the accounts of White Mountains Insurance Group, Ltd. (the Company or the Registrant) and its subsidiaries (collectively, with the Company, White Mountains) and have been prepared in accordance with generally accepted accounting principles in the United States (GAAP). The Company is an exempted Bermuda limited liability company whose principal businesses are conducted through its property and casualty insurance and reinsurance subsidiaries and affiliates. The Company s headquarters is located at 14 Wesley Street, Hamilton, Bermuda HM 11, its principal executive office is located at 80 South Main Street, Hanover, New Hampshire 03755-2053 and its registered office is located at Clarendon House, 2 Church Street, Hamilton, Bermuda HM 11. White Mountains reportable segments are OneBeacon, White Mountains Re and Other Operations. As discussed further in **Note 2**, White Mountains entered into an agreement on May 17, 2011 to sell Esurance Insurance and AFI. Accordingly, effective for June 30, 2011, Esurance has been presented as discontinued operations and assets and liabilities held for sale in the financial statements. Prior year amounts have been reclassified to conform to the current year s presentation. (See **Note 14** for discontinued operations and assets and liabilities held for sale).

The OneBeacon segment consists of OneBeacon Insurance Group, Ltd. (OneBeacon Ltd.), an exempted Bermuda limited liability company that owns a family of U.S. based property and casualty insurance companies (collectively OneBeacon), most of which operate in a multi-company pool. OneBeacon is a specialty property and casualty insurance writer that offers a wide range of insurance products through independent agencies, regional and national brokers, wholesalers and managing general agencies. As of June 30, 2011 and December 31, 2010, White Mountains owned 75.5% and 76.0% of OneBeacon Ltd. s outstanding common shares.

The White Mountains Re segment consists of White Mountains Re Ltd., an exempted Bermuda limited liability company, and its subsidiaries (collectively, White Mountains Re). White Mountains Re provides insurance and reinsurance products for property, accident and health, aviation and space, trade credit, marine, casualty, and agriculture and certain other exposures on a worldwide basis through its subsidiaries, Sirius International Insurance Corporation (WMRe Sirius) and White Mountains Reinsurance Company of America (WMRe America). White Mountains Re also specializes in the acquisition and management of run-off insurance and reinsurance companies both in the United States and internationally through its White Mountains Re Solutions division. White Mountains Re also includes Scandinavian Reinsurance Company, Ltd. (Scandinavian Re) and Central National Insurance Company of Omaha (Central National), which was acquired during the first quarter of 2010 (see **Note 2**), both of which are in run-off.

White Mountains Other Operations segment consists of the Company and its intermediate holding companies, its wholly-owned investment management subsidiary, White Mountains Advisors LLC (WM Advisors), White Mountains investment in common shares and warrants to purchase common shares of Symetra Financial Corporation (Symetra), the consolidated results of Tuckerman Capital, LP fund (Tuckerman Fund I), White Mountains variable annuity reinsurance business, White Mountains Life Reinsurance (Bermuda) Ltd. (WM Life Re), which is in run-off, as well as other entities not included in other segments. The Other Operations segment also included White Mountains investments in Lightyear Delos Acquisition Corporation (Delos) prior to its disposition in December 2010.

White Mountains discontinued operations consist of Esurance Holdings, Inc and its subsidiaries (Esurance Insurance) and Answer Financial Inc. and its subsidiaries (AFI) (collectively, Esurance) and the business that Esurance Insurance cedes to White Mountains Re. Esurance Insurance writes personal auto insurance directly to customers in 30 states through its website and over the phone and also sells other lines of personal insurance for unaffiliated insurance companies. Esurance Insurance also writes personal auto policies through select online agents and provides other insurance products through partnerships with industry leading online providers. Esurance Insurance earns commissions and fees by referring to unaffiliated insurance companies those shoppers that it cannot underwrite because of pricing or underwriting eligibility. AFI is one of the largest independent personal insurance agencies in the United States. AFI sells insurance online and through call centers for both Esurance Insurance and unaffiliated companies utilizing a comparison quoting platform.

All significant intercompany transactions have been eliminated in consolidation. These interim financial statements include all adjustments considered necessary by management to fairly present the financial position, results of operations and cash flows of White Mountains that are of a normal recurring nature. These interim financial statements may not be indicative of financial results for the full year and should be read in conjunction with the Company s 2010 Annual Report on Form 10-K. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Refer to the Company s 2010 Annual Report on Form 10-K for a complete discussion regarding White Mountains significant accounting policies.

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Noncontrolling Interests

Noncontrolling interests consist of the ownership interests of noncontrolling parties in consolidated subsidiaries and are presented separately as a component of equity on the balance sheet.

The percentage of the noncontrolling ownership interests in OneBeacon Ltd. at June 30, 2011 and December 31, 2010 was 24.5% and 24.0%. The increase in the noncontrolling ownership percentage during the first six months of 2011 was the result of the issuance of 630,000 restricted common shares of OneBeacon Ltd. to its CEO in May 2011 (see **Note 12**).

On May 24, 2007, White Mountains Re Group, Ltd. (WMRe Group), an intermediate holding company of White Mountains Re, issued 250,000 non-cumulative perpetual preference shares with a $1,000 per share liquidation preference (the WMRe Preference Shares). Proceeds of $245.7 million, net of $4.3 million of issuance costs and commissions, were received from the issuance. The WMRe Preference Shares are included in noncontrolling interests on the balance sheet.

At June 30, 2011 and December 31, 2010, the noncontrolling equity interest in limited partnerships that are consolidated with White Mountains (Tuckerman Fund I, the Prospector Offshore Fund and the Prospector Turtle Fund) was $59.8 million and $59.7 million. At June 30, 2011 and December 31, 2010, the noncontrolling equity interest in A.W.G. Dewar Inc, a subsidiary of OneBeacon, was $2.1 million and $3.1 million.

Recently Adopted Changes in Accounting Principles

Accounting Standards Codification

On June 29, 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (FAS) 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* (FAS 168), which establishes the FASB Accounting Standards Codification (Codification or Accounting Standards Codification (ASC)) as the source of authoritative accounting principles to be applied in the preparation of financial statements in conformity with GAAP. FAS 168 (ASC 105-10) is effective for interim and annual periods ending after September 15, 2009. All existing non-SEC accounting and reporting standards were superseded by the Codification. White Mountains adopted the Codification for the interim period ended September 30, 2009. Adoption did not have any effect on the Company s accounting policies or financial statement presentation. However, because the Codification changes the basis for reference to authoritative GAAP guidance, the Company s footnote disclosures that reference such guidance reflect references to the codification. New accounting guidance is now issued by the FASB in the form of Accounting Standard Updates (ASUs).

Transfers of Financial Assets and Amendments to FIN 46R

On June 12, 2009, the FASB issued ASU 2009-16, *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* (included in ASC 860) and ASU 2009-17, *Amendments to FIN46(R)* (included in ASC 810). Both ASU 2009-16 and ASU 2009-17 became effective as of the beginning of the first annual reporting period that began after November 15, 2009. White Mountains adopted the new guidance on January 1, 2010.

ASU 2009-16 eliminates the concept of a qualifying special-purpose entity (QSPE). Under the new guidance, the appropriateness of de-recognition of assets held by an entity formerly considered a QSPE is evaluated based on whether or not the transferor has surrendered control of the transferred assets. The evaluation must consider any continuing involvement by the transferor. White Mountains did not have any entities that were considered a QSPE under guidance prior to the amendments to ASC 860 and there was no effect resulting from adoption.

ASU 2009-17 amends ASC 810-10 to clarify the application of consolidation accounting for entities for which the controlling financial interest might not be solely indentified through voting rights. Under the new guidance a variable interest represents a controlling financial interest in a variable interest entity (VIE) when it has both of the following: (1) the power to direct the activities of a variable interest entity that most significantly impact the entity s economic performance and (2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. A reporting entity must assess whether it has an implicit financial responsibility to ensure that a VIE operates as designed when determining if it has the power to direct the activities of the VIE that most significantly affect the entity s economic performance. ASC 810-10 as amended requires ongoing reassessments of whether a reporting entity is the primary beneficiary of a VIE.

Upon adoption, White Mountains determined that its ownership interest in Tuckerman Fund II did not meet the criteria for consolidation under the revised guidance for variable interest entities and, accordingly, effective January 1, 2010, White Mountains deconsolidated its investment in Tuckerman Fund II. Upon deconsolidation, White Mountains made the fair value election for its investment in Tuckerman Fund II and recognized an adjustment to decrease opening retained earnings by $0.4 million.

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Disclosures about Fair Value Measurements

White Mountains adopted ASU 2010-06, *Improving Disclosures about Fair Value Measurements* (included in ASC 820-10), effective March 31, 2010. The ASU clarifies existing disclosure requirements for fair value measurements and requires the disclosure of (1) the amounts and nature of transfers in and out of Level 1 and Level 2 measurements; (2) purchase, sale, issuance and settlement activity for Level 3 measurements presented on a gross rather than a net basis; (3) fair value measurements by Level presented on a more disaggregated basis, by asset or liability class; and (4) more detailed disclosures about inputs and valuation techniques for Level 2 and Level 3 measurements for interim and annual reporting periods. White Mountains has expanded its fair value disclosures to meet the requirements of the ASU effective for the period ended March 31, 2010 (see **Note 5**).

Recently Issued Accounting Pronouncements

Policy Acquisition Costs

On October 13, 2010, the FASB issued ASU 2010-26, *Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts* (ASC 944). The new standard changes the types of policy acquisition costs that are eligible for deferral. Specifically, the new guidance limits deferrable costs to those that are incremental direct costs of contract acquisition and certain costs related to acquisition activities performed by the insurer, such as underwriting, policy issuance and processing, medical and inspection costs and sales force contract selling. The ASU defines incremental direct costs as those costs that result directly from and were essential to the contract acquisition and would not have been incurred absent the acquisition. Accordingly, under the new guidance, deferrable acquisition costs are limited to costs related to successful contract acquisitions. Acquisition costs that are not eligible for deferral are to be charged to expense in the period incurred.

ASU 2010-26 is effective for interim periods and annual fiscal years beginning after December 15, 2011 and may be applied prospectively or retrospectively. White Mountains currently defers certain advertising costs associated with contract acquisition that will likely not meet the criteria for deferral under ASU 2010-26 when it is adopted. White Mountains is currently evaluating the effect the adoption of ASU 2010-26 will have on its financial position and results of operations.

Fair Value Measurements and Disclosures

On May 12, 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements* in U.S. GAAP and IFRS. The ASU clarifies existing guidance with respect to the concepts of highest and best use and valuation premise and measuring instruments classified within a reporting entity s shareholders equity. The ASU also clarifies disclosure requirements, requiring disclosure of quantitative information about unobservable inputs used in Level 3 fair value measurements. The ASU also amends existing guidance. In circumstances where a reporting entity manages a portfolio of financial assets and liabilities based on the net market and counterparty credit risk exposures, the ASU permits determination of the fair value of those instruments to be based on the net risk exposure. In addition, the ASU permits the application of premiums or discounts to be applied in a fair value measurement to the extent that market participants would consider them in valuing the financial instruments. The ASU also expands the required disclosures for Level 3 measurements, requiring that reporting entities provide a narrative description of the sensitivity of Level 3 fair value measurements to changes in unobservable inputs and the interrelationships between those inputs, if any. ASU 2011-04 is effective for interim and annual periods beginning after

December 15, 2011. White Mountains is currently evaluating the effect the adoption of ASU 2011-04 will have on its financial position and results of operations.

Note 2. Significant Transactions

Sale of Esurance

On May 17, 2011, White Mountains entered into a stock purchase agreement (the SPA) to sell Esurance Insurance and AFI to the Allstate Corporation for cash equal to $700 million plus the tangible book value at closing of the legal entities being sold (the Esurance Sale). The transaction is expected to close in the fall of 2011. It is subject to regulatory approval, continued availability of select senior management, and other customary closing conditions. As a result of entering into the SPA, Esurance Insurance and AFI are now reported as discontinued operations (see **Note 14**).

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OneBeacon Personal Lines Sale

In July 2010, OneBeacon completed the sale of its traditional personal lines business (the Personal Lines Transaction) to Tower Group, Inc. (Tower) for consideration of $166.6 million. The Personal Lines Transaction included two insurance companies, York Insurance Company of Maine (York) and Massachusetts Homeland Insurance Company (MHIC), through which the majority of the traditional personal lines business was written on a direct basis. Subsequent to the transaction, OneBeacon cedes to Tower, on a 100% quota share basis, traditional personal lines business not directly written by York and MHIC; and OneBeacon assumes, on a 100% quota share basis, non-traditional personal lines business written directly by York. The Personal Lines Transaction also included two attorneys-in-fact managing the reciprocal insurance exchanges (reciprocals) that wrote the traditional personal lines business in New York and New Jersey, the surplus notes issued by the New York and New Jersey reciprocals, and the remaining renewal rights to certain other traditional personal lines insurance policies. The sale of the two attorneys-in-fact and the transfer of the surplus notes triggered deconsolidation of the reciprocals by White Mountains. OneBeacon and Tower also entered into a Transition Services Agreement (TSA), pursuant to which OneBeacon provides certain services to Tower during a three-year term.

Acquisition of Central National

On February 26, 2010, White Mountains Re acquired Central National for $5 million in cash. Central National ceased writing business in 1989 and has operated under the control of the Nebraska Department of Insurance since 1990. The transaction resulted in a gain of $12.8 million recorded in other revenues.

Note 3. Loss and Loss Adjustment Expense Reserves

The following table summarizes the loss and loss adjustment expense (LAE) reserve activities of White Mountains insurance subsidiaries for the three and six months ended June 30, 2011 and 2010:

	Three Months Ended June 30,		Six Months Ended June 30,	
Millions	**2011**	**2010**	**2011**	**2010**
Gross beginning balance	**$ 5,759.8**	$ 6,660.7	**$ 5,736.8**	$ 6,379.2
Less beginning reinsurance recoverable on unpaid losses	**(2,304.2)**	(2,899.4)	**(2,344.0)**	(2,771.5)
Net loss and LAE reserves	**3,455.6**	3,761.3	**3,392.8**	3,607.7
Loss and LAE reserves acquired Central National				17.6
Loss and LAE reserves sold OneBeacon Personal Lines(1)		(231.0)		(231.0)
Loss and LAE incurred relating to:				
Current year losses	**302.7**	428.3	**692.5**	991.7
Prior year losses	**(10.3)**	(26.2)	**(27.5)**	(37.7)
Total incurred losses and LAE	**292.4**	402.1	**665.0**	954.0
	2.1	2.1	**4.2**	4.2

Accretion of fair value adjustment to loss and LAE reserves				
Foreign currency translation adjustment to loss and LAE reserves	**10.1**	(22.4)	**31.2**	(33.2)
Loss and LAE paid relating to:				
Current year losses	**(87.7)**	(169.6)	**(135.2)**	(258.4)
Prior year losses	**(223.2)**	(292.7)	**(508.7)**	(611.1)
Total loss and LAE payments	**(310.9)**	(462.3)	**(643.9)**	(869.5)
Net ending balance	**3,449.3**	3,449.8	**3,449.3**	3,449.8
Plus ending reinsurance recoverable on unpaid losses	**2,193.1**	2,748.1	**2,193.1**	2,748.1
Gross ending balance	**$ 5,642.4**	$ 6,197.9	**$ 5,642.4**	$ 6,197.9

(1) In the second quarter of 2010, $231.0 of net loss and LAE reserves related to the Personal Lines Transaction were reclassified to net liabilities held for sale. The Personal Lines Transaction closed in July 2010.

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Loss and LAE incurred relating to prior year losses for the three and six months ended June 30, 2011

During the three and six months ended June 30, 2011, White Mountains experienced $10.3 million and $27.5 million of net favorable loss reserve development.

For the three and six months ended June 30, 2011, OneBeacon had net favorable loss reserve development of $10.1 million and $15.2 million. The favorable loss reserve development was primarily due to lower than expected severity on losses related to professional liability lines, multiple peril liability lines and other general liability lines.

For the three months ended June 30, 2011, there was no meaningful prior year loss reserve development at White Mountains Re. For the six months ended June 30, 2011, White Mountains Re had net favorable loss reserve development of $12.3 million, primarily due to a $9.0 million reduction from the 2010 Chilean earthquake and $9.0 million of favorable loss reserve development on a 1999 aviation loss. This favorable loss reserve development was partially offset by $2.0 million of additions to Asbestos and Environmental reserves and $3.7 million of net unfavorable loss reserve development from other business lines, mainly marine.

Loss and LAE incurred relating to prior year losses for the three and six months ended June 30, 2010

During the three and six months ended June 30, 2010, White Mountains experienced $26.2 million and $37.7 million of net favorable loss reserve development**.**

For the three and six months ended June 30, 2010, OneBeacon had net favorable loss reserve development of $18.3 million and $24.3 million. The favorable loss reserve development was primarily due to lower than expected severity on losses related to professional liability lines, commercial package business and other general liability lines. The favorable loss reserve development also included a $6.5 million release of commercial and personal auto reserves associated with participation in involuntary auto pools.

For the three and six months ended June 30, 2010, White Mountains Re had net favorable loss reserve development of $7.9 million and $13.4 million. The favorable loss reserve development at White Mountains Re was primarily at WMRe Sirius.

Fair value adjustment to loss and LAE reserves

In connection with purchase accounting for the acquisitions of OneBeacon, Scandinavian Re and Stockbridge Insurance Company (Stockbridge), White Mountains was required to adjust loss and LAE reserves and the related reinsurance recoverables to fair value on their respective acquired balance sheets. The net reduction to loss and LAE reserves is being recognized through an income statement charge ratably with and over the period the claims are settled.

White Mountains recognized $2.1 million and $4.2 million for the three and six months ended June 30, 2011, and $2.1 million and $4.2 million for the three and six months ended June 30, 2010. As of June 30, 2011, the pre-tax un-accreted adjustment was $16.8 million.

Note 4. Third Party Reinsurance

In the normal course of business, White Mountains insurance and reinsurance subsidiaries may seek to limit losses that may arise from catastrophes or other events by reinsuring with third party reinsurers. White Mountains remains liable for risks reinsured in the event that the reinsurer does not honor its obligations under reinsurance contracts.

OneBeacon

At June 30, 2011, OneBeacon had $16.2 million of reinsurance recoverables on paid losses and $1,995.8 million (gross of $169.9 million in purchase accounting adjustments) that will become recoverable if claims are paid in accordance with current reserve estimates. The collectability of balances due from OneBeacon s reinsurers is critical to OneBeacon s financial strength because reinsurance contracts do not relieve OneBeacon of its primary obligation to its policyholders. OneBeacon is selective with its reinsurers, placing reinsurance with only those reinsurers having a strong financial condition. OneBeacon monitors the financial strength of its reinsurers on an ongoing basis. Uncollectible amounts historically have not been significant.

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The following table provides a listing of OneBeacon s top reinsurers, excluding industry pools and associations, based upon recoverable amounts, the percentage of total paid and unpaid reinsurance recoverables and the reinsurer s A.M Best Company, Inc. (A.M. Best) rating.

Top Reinsurers (Millions)		**Balance at June 30, 2011**	**% of Total**	**A.M. Best Rating(1)**
National Indemnity Company and General Reinsurance Corporation (2)	$	1,491.4	74%	A++
Hanover Insurance Company		113.6	6%	A
Tokio Marine and Nichido Fire (3)		64.2	3%	A++
Tower Insurance Company		62.3	3%	A-
Munich Reinsurance America		32.5	2%	A+

(1) A.M. Best ratings as detailed above are: A++ (Superior, which is the highest of fifteen ratings), A+ (Superior, which is the second highest of fifteen ratings), A (Excellent, which is the third highest of fifteen ratings), and A- (Excellent, which is the fourth highest of fifteen ratings).

(2) Includes $193.5 of Third Party Recoverables (as defined below), which NICO (as defined below) would pay under the terms of the NICO Cover (as defined below) if they are unable to collect from third party reinsurers.

(3) Includes $37.1 of reinsurance recoverables from various third party reinsurers that are guaranteed by Tokio Marine and Nichido Fire under the terms of a 100% quota share reinsurance agreement between Houston General Insurance Company and Tokio Marine and Nichido Fire.

Immediately prior to White Mountains acquisition of OneBeacon, the seller caused OneBeacon to purchase two reinsurance contracts from subsidiaries of Berkshire Hathaway Inc. (Berkshire): a full risk-transfer cover from National Indemnity Company (NICO) for up to $2.5 billion in old asbestos and environmental (A&E) claims and certain other exposures (the NICO Cover) and an adverse loss reserve development cover (the GRC Cover) from General Reinsurance Corporation (GRC) for up to $570.0 million, comprised of $400.0 million of adverse loss reserve development on losses occurring in years 2000 and prior and $170.0 million of reserves ceded as of the date of the OneBeacon acquisition. The NICO Cover and GRC Cover, which were contingent on and occurred contemporaneously with the OneBeacon acquisition, were put in place in lieu of a seller guarantee of loss and LAE reserves and are therefore accounted for under GAAP as a seller guarantee.

Under the terms of the NICO Cover, NICO receives the economic benefit of reinsurance recoverables (Third Party Recoverables) from certain of OneBeacon s third party reinsurers in existence at the time the NICO Cover was executed. As a result, the Third Party Recoverables serve to protect the $2.5 billion limit of NICO coverage for the benefit of OneBeacon. White Mountains estimates that on an incurred basis, net of Third Party Recoverables, as of June 30, 2011 it has used approximately $2.2 billion of the coverage provided by NICO. Through June 30, 2011, $1.3 billion of these incurred losses have been paid by NICO. Since entering into the NICO Cover, approximately 8% ($182.0 million), of the $2.2 billion of utilized coverage from NICO related to uncollectible Third Party Recoverables. To the extent that actual experience differs from White Mountains estimate of ultimate A&E losses and Third Party Recoverables, future losses could utilize some or all of the protection remaining under the NICO Cover.

Pursuant to the GRC Cover, OneBeacon is not entitled to recover losses to the full contract limit if such losses are reimbursed by GRC more quickly than anticipated at the time the contract was signed. OneBeacon intends to only seek reimbursement from GRC for claims which result in payment patterns similar to those supporting its recoverables recorded pursuant to the GRC Cover. The economic cost of not submitting certain other eligible claims to GRC is primarily the investment spread between the rate credited by GRC and the rate achieved by OneBeacon on its own investments. This cost, if any, is expected to be nominal. During the three and six months ended June 30, 2011, $13.3 million and

$47.1 million was collected under the GRC Cover.

Effective May 1, 2011, OneBeacon renewed its property catastrophe reinsurance program through April 30, 2012. The program provides coverage for OneBeacon s property business as well as certain acts of terrorism. Under the program, the first $50.0 million of losses resulting from any single catastrophe are retained by OneBeacon. The next $175.0 million of losses resulting from the catastrophe are reinsured with OneBeacon co-participating in the losses. OneBeacon retains 26% of the losses from $50.0 million up to $100.0 million and 10% of the losses from $100.0 million up to $175.0 million. Any loss above $225.0 million is retained by OneBeacon. In the event of a catastrophe, OneBeacon s property catastrophe reinsurance program is reinstated for the remainder of the original contract term by paying a reinstatement premium that is based on the percentage of coverage reinstated and the original property catastrophe coverage premium.

OneBeacon had entered into a 30% quota share agreement with a group of reinsurers that ran from January 1, 2009 through December 31, 2009, and had renewed the agreement effective January 1, 2010. During the three and six months ended June 30, 2010, OneBeacon ceded $14.0 million and $25.6 million of written premiums from its Northeast homeowners business written through OneBeacon Insurance Company (OBIC) and its subsidiary companies, along with Adirondack Insurance Exchange (Adirondack Insurance) and New Jersey Skylands Insurance Agency (NJSIA) in New York and New Jersey, respectively. Effective July 1, 2010, the closing date of the Personal Lines Transaction, the agreement was amended to remove OneBeacon.

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White Mountains Re

At June 30, 2011, White Mountains Re had $28.4 million of reinsurance recoverables on paid losses and $367.2 million of reinsurance that will become recoverable if claims are paid in accordance with current reserve estimates. Because reinsurance contracts do not relieve White Mountains Re of its obligation to its ceding companies, the collectability of balances due from its reinsurers is critical to White Mountains Re s financial strength. White Mountains Re monitors the financial strength of its reinsurers on an ongoing basis. The following table provides a listing of White Mountains Re s top reinsurers based upon recoverable amounts, the percentage of total paid and unpaid reinsurance recoverables and the reinsurers A.M. Best ratings.

Top Reinsurers (Millions)		**Balance at June 30, 2011**	**% of Total**	**A.M. Best Rating (1)**	**% Collateralized**
Olympus (2)	$	**44.8**	11%	NR-5	100%
Lloyds of London(3)		**43.7**	11%	A	3%
General Reinsurance Corporation		**43.3**	11%	A++	2%
Swiss Re Group		**39.5**	10%	A	4%
Michigan Catastrophic Claims Association		**15.2**	4%	N/A(4)	%

(1) A.M. Best ratings as detailed above are: NR-5 (Not formally followed), A++ (Superior, which is the highest of fifteen ratings), and A (Excellent, which is the third highest of fifteen ratings).

(2) Non-U.S. insurance entity. Balances are fully collateralized through funds held, letters of credit or trust agreements.

(3) Represents the total of reinsurance recoverables due to White Mountains Re from all Lloyds Syndicates.

(4) Michigan Catastrophic Claims Association (MCCA) is a non-profit unincorporated association of which every insurance company that sells automobile coverage in Michigan is required to be a member. A.M. Best does not rate MCCA. White Mountains Re acquired its recoverable from MCCA pursuant to its acquisition of Stockbridge.

Note 5. Investment Securities

White Mountains invested assets consist of securities and other long-term investments held for general investment purposes. The portfolio of investment securities includes fixed maturity investments and equity securities which are all classified as trading securities. Trading securities are reported at fair value as of the balance sheet date. Realized and unrealized investment gains and losses on trading securities are reported pre-tax in revenues. White Mountains investments in debt securities, including mortgage-backed and asset-backed securities, are generally valued using industry standard pricing models. Key inputs include benchmark yields, benchmark securities, reported trades, issuer spreads, bids, offers, credit ratings and prepayment speeds. Income on mortgage-backed and asset-backed securities is recognized using an effective yield based on anticipated prepayments and the estimated economic life of the securities. When actual prepayments differ significantly from anticipated prepayments, the estimated economic life is recalculated and the remaining unamortized premium or discount is amortized prospectively over the remaining economic life.

Realized gains and losses resulting from sales of investment securities are accounted for using the specific identification method. Premiums and discounts on all fixed maturity investments are accreted or amortized to income over the anticipated life of the investment. Short-term investments consist of money market funds, certificates of deposit and other securities which, at the time of purchase, mature or become available for use within one year. Short-term investments are carried at amortized cost, which approximated fair value as of June 30, 2011 and December 31, 2010.

Other long-term investments primarily comprise White Mountains investments in hedge funds and private equity funds.

Net Investment Income

Pre-tax net investment income for the three and six months ended June 30, 2011 and 2010 consisted of the following:

Millions	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Investment income:				
Fixed maturity investments	**$ 42.6**	$ 50.2	**$ 88.5**	$ 103.1
Short-term investments	**1.6**	2.3	**2.3**	2.8
Common equity securities	**3.0**	2.2	**6.4**	4.3
Convertible fixed maturity investments	**1.1**	1.9	**2.6**	4.0
Other long-term investments	**(.2)**	(.4)	**.7**	.5
Interest on funds held under reinsurance treaties	**(.2)**	(.8)	**(.8)**	(1.6)
Total investment income	**47.9**	55.4	**99.7**	113.1
Less third-party investment expenses	**(2.1)**	(2.7)	**(4.4)**	(4.6)
Net investment income, pre-tax	**$ 45.8**	$ 52.7	**$ 95.3**	$ 108.5

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Net Realized and Unrealized Investment Gains and Losses

White Mountains recognized $57.3 million and $76.6 million of pre-tax net realized and unrealized investment gains (losses) for the three and six months ended June 30, 2011 and $11.1 million and $93.1 million for the three and six months ended June 30, 2010.

Net realized investment gains (losses)

Net realized investment gains (losses) for the three and six months ended June 30, 2011 and 2010 consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
Millions	**2011**	**2010**	**2011**	**2010**
Fixed maturity investments	**$ 18.1**	$ 7.9	**$ 19.5**	$ 33.4
Short-term investments				
Common equity securities	**15.7**	17.7	**17.9**	20.4
Convertible fixed maturity investments	**2.9**	9.5	**7.0**	13.7
Other long-term investments	**8.4**	(2.6)	**28.0**	(5.2)
Net realized investment gains (losses), pre-tax	**45.1**	32.5	**72.4**	62.3
Income taxes attributable to realized investment gains (losses)	**(11.1)**	(5.0)	**(23.7)**	(15.6)
Net realized investment gains (losses), after-tax	**$ 34.0**	$ 27.5	**$ 48.7**	$ 46.7

Net unrealized investment gains (losses)

The following table summarizes changes in the carrying value of investments measured at fair value:

	Three Months Ended June 30, 2011			Six Months Ended June 30, 2011		
Millions	**Net unrealized gains (losses)**	**Net foreign exchange gains (losses)**	**Total changes in fair value reflected in earnings**	**Net unrealized gains (losses)**	**Net foreign exchange gains (losses)**	**Total changes in fair value reflected in earnings**
Fixed maturities	$ 17.2	$ 25.5	$ 42.7	$ 9.2	$ 10.2	$ 19.4
Short-term investments		(.4)	(.4)		(1.0)	(1.0)
Common equity securities	(18.8)	(.1)	(18.9)	5.9	(.9)	5.0
Convertible fixed maturity investments	(6.0)		(6.0)	(8.1)		(8.1)
Other long-term investments	(6.4)	1.2	(5.2)	(7.2)	(3.9)	(11.1)
Net unrealized investment gains (losses), pre-tax	**(14.0)**	**26.2**	**12.2**	**(.2)**	**4.4**	**4.2**

Income taxes attributable to unrealized investment gains (losses)	**1.9**	**(6.7)**	**(4.8)**	**2.1**	**(1.0)**	**1.1**
Net unrealized investment gains (losses), after-tax	**$ (12.1)**	**$ 19.5**	**$ 7.4**	**$ 1.9**	**$ 3.4**	**$ 5.3**

	Three Months Ended June 30, 2010			Six Months Ended June 30, 2010		
Millions	**Net unrealized gains (losses)**	**Net foreign exchange gains (losses)**	**Total changes in fair value reflected in earnings**	**Net unrealized gains (losses)**	**Net foreign exchange gains (losses)**	**Total changes in fair value reflected in earnings**
Fixed maturities	$ 8.5	$ 30.9	$ 39.4	$ 33.1	$ 27.6	$ 60.7
Short-term investments	(1.6)	1.1	(.5)		(.8)	(.8)
Common equity securities	(46.4)	2.3	(44.1)	(32.5)	1.1	(31.4)
Convertible fixed maturity investments	(13.9)		(13.9)	(11.1)		(11.1)
Other long-term investments	(5.2)	2.9	(2.3)	11.5	1.9	13.4
Net unrealized investment gains (losses), pre-tax	(58.6)	37.2	(21.4)	1.0	29.8	30.8
Income taxes attributable to unrealized investment gains (losses)	(15.3)	9.7	(5.6)	6.4	7.4	13.8
Net unrealized investment gains (losses), after-tax	$ (73.9)	$ 46.9	$ (27.0)	$ 7.4	$ 37.2	$ 44.6

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The following table summarizes the amount of total pre-tax gains (losses) included in earnings attributable to unrealized investment gains (losses) for Level 3 investments for the three and six months ended June 30, 2011 and 2010:

Millions	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Fixed maturities	**$ (3.3)**	$ (3.4)	**$ (1.4)**	$ 6.2
Common equity securities	**1.3**	(19.1)	**(.5)**	(22.5)
Convertible fixed maturities				
Other long-term investments	**(2.2)**	(7.5)	**(9.9)**	28.9
Total unrealized investment gains (losses), pre-tax - Level 3 investments	**$ (4.2)**	$ (30.0)	**$ (11.8)**	$ 12.6

Investment Holdings

The cost or amortized cost, gross unrealized investment gains and losses, net foreign currency gains and losses and carrying values of White Mountains fixed maturity investments as of June 30, 2011 and December 31, 2010, were as follows:

Millions	June 30, 2011 Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Net foreign currency gains (losses)	Carrying value
U.S. Government and agency obligations	$ 290.6	$ 6.1	$	$ (.5)	$ 296.2
Debt securities issued by corporations	2,001.9	76.4	(8.9)	(36.6)	2,032.8
Municipal obligations	3.3				3.3
Mortgage-backed and asset-backed securities	2,306.9	21.1	(4.8)	(15.2)	2,308.0
Foreign government, agency and provincial obligations	829.6	3.8	(.4)	(1.5)	831.5
Preferred stocks	81.0	6.3		(.2)	87.1
Total fixed maturity investments	**$ 5,513.3**	$ 113.7	$ (14.1)	$ (54.0)	**$ 5,558.9**

Millions	December 31, 2010 Cost or amortized cost	Gross unrealized gains	Gross unrealized losses	Net foreign currency gains (losses)	Carrying value
U.S. Government and agency obligations	$ 385.9	$ 13.6	$ (.8)	$	$ 398.7
Debt securities issued by corporations	2,149.2	87.9	(21.1)	(37.9)	2,178.1
Municipal obligations	3.3	.1	(.1)		3.3
Mortgage-backed and asset-backed securities	2,082.0	18.2	(15.6)	(12.9)	2,071.7
Foreign government, agency and provincial obligations	1,053.6	7.7	(6.6)	(8.3)	1,046.4
Preferred stocks	81.9	6.1		(.1)	87.9
Total fixed maturity investments	$ 5,755.9	$ 133.6	$ (44.2)	$ (59.2)	$ 5,786.1

The cost or amortized cost, gross unrealized investment gains and losses, net foreign currency gains and losses and carrying values of White Mountains common equity securities, convertible fixed maturities and other long-term investments as of June 30, 2011 and December 31, 2010, were as follows:

	June 30, 2011				
Millions	**Cost or amortized cost**	**Gross unrealized gains**	**Gross unrealized losses**	**Net foreign currency gains (losses)**	**Carrying value**
Common equity securities	**$ 593.0**	$ 115.7	$ (5.8)	$ .9	**$ 703.8**
Convertible fixed maturities	**$ 111.7**	$ 9.7	$ (1.7)	$	**$ 119.7**
Other long-term investments	**$ 301.9**	$ 55.8	$ (13.7)	$ (10.7)	**$ 333.3**

	December 31, 2010	
Millions	**Cost or amortized cost**	**Gross unrealized gains**