

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of the Proposed Exemption of)
WHITE MOUNTAINS PROPERTIES (BARBADOS) SRL,) Docket No. **2901-H**
FOLKSAMERICA HOLDING COMPANY, INC., and)
FOLKSAMERICA REINSURANCE COMPANY)

ORDER

Now comes on for disposition the request of White Mountains Properties (Barbados) SRL (“White Mountains Properties”), Folksamerica Holding Company, Inc. (“Folksamerica”), and Folksamerica Reinsurance Company (“Folksamerica Re”) for an Order under Kansas Statutes Annotated (K.S.A.) 40-3304(e) exempting said entities from the filing and approval requirements of K.S.A. 40-3304, as said statute may be construed to apply to the restructuring of the insurance holding company system which is to be accomplished via a transfer of the ownership interest in the outstanding voting stock of Waterford Insurance Company (“Waterford”) from White Mountains Holdings (Barbados) SRL (“White Mountains Barbados”) to White Mountains Properties which, in turn, will transfer the ownership interest to Folksamerica. Following the transfer, Folksamerica will contribute the voting stock of Waterford to Folksamerica Re such that following the transactions, Waterford will be a direct wholly owned subsidiary of Folksamerica Re.

FINDINGS OF FACT

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-103 and K.S.A. 40-3301, et seq.
2. Applicants have requested an exemption from the acquisition and approval requirements of the Kansas Insurance Holding Companies Act under K.S.A. 40-3304(e).
3. White Mountains Insurance Group, Ltd., (“White Mountains”) a Bermuda Company, is the ultimate controlling person in the holding company system.
4. White Mountains owns 99% of the outstanding stock of White Mountains Barbados.
5. White Mountains Barbados owns 100% of the outstanding stock of Waterford, a Kansas domestic insurance company.

6. White Mountains Barbados also owns 99% of the outstanding stock of White Mountains Properties.

7. White Mountains Properties owns 100% of the outstanding stock of Folksamerica which, in turn, owns 100% of the outstanding stock of Folksamerica Re.

8. At a meeting held August 24, 2000, the Board of Directors of White Mountains adopted resolutions approving a reorganization of the operating structure of Folksamerica, a New York corporation and an indirect wholly owned subsidiary of White Mountains.

9. White Mountains Barbados, a direct wholly owned subsidiary of White Mountains and direct holder of all of the voting stock of Waterford, will transfer its ownership interest in the outstanding voting stock of Waterford to White Mountains Properties.

10. White Mountains Properties will transfer ownership interest in the outstanding voting stock of Waterford to Folksamerica.

11. Following the transfer, Folksamerica will contribute the outstanding voting stock of Waterford to Folksamerica Re such that following the transaction, Waterford will be a direct wholly owned subsidiary of Folksamerica Re.

12. After the corporate reorganization, White Mountains Barbados will continue to own 99% of the outstanding stock of White Mountains Properties.

13. After the corporate reorganization, White Mountains will continue to own 99% of the outstanding stock of White Mountains Barbados. White Mountains will also continue to be the ultimate controlling person in the holding company system.

CONCLUSIONS OF LAW

14. K.S.A. 1999 Supp. 40-3304(e) provides

(e) The provisions of this section shall not apply to:

Any offer, request, invitation, agreement or acquisition which the commissioner of insurance by order shall exempt therefrom as:

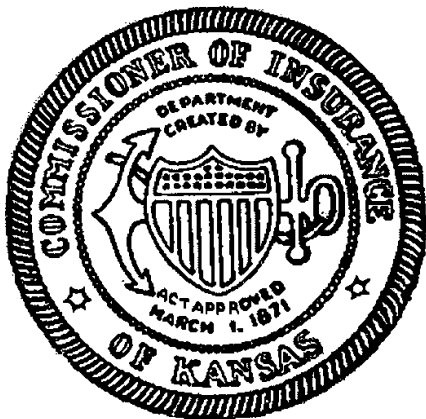
- (1) Not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer;...

15. Based upon the information enumerated in the Findings of Fact contained in paragraphs one through thirteen above, and the representations of White Mountains Properties, Folksamerica, and Folksamerica Re, the restructuring of the insurance holding company system whereby the transfer of the ownership interest in the outstanding voting stock of Waterford from White Mountains Barbados to White Mountains Properties which, in turn, will transfer the ownership interest to Folksamerica, and following the transfer, Folksamerica will contribute the outstanding voting stock of Waterford to Folksamerica Re will not be made for the purpose of and will not have the effect of changing or influencing the control of Waterford Insurance Company, a Kansas domestic insurer. After the corporate reorganization, Waterford will be a direct wholly owned subsidiary of Folksamerica Re.

IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE, ORDERED THAT:

1. White Mountains Properties, Folksamerica, and Folksamerica Re shall be exempt from the application of the formal filing and approval requirements of K.S.A 40-3304 as it may be deemed to apply to the corporate reorganization.
2. The Commissioner of Insurance retains jurisdiction over this matter to issue any and all further Orders deemed appropriate or to take such further action as necessary to dispose of this matter.

IT IS SO ORDERED THIS 28th DAY OF SEPTEMBER 2000, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



_____/s/ Kathleen Sebelius_____
Kathleen Sebelius
Commissioner of Insurance

By_____/s/ Kathy Greenlee_____
Kathy Greenlee
General Counsel