

OneBeacon Insurance Group, Ltd.
Form 10-Q
July 30, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the period ended June 30, 2013

OR
 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 1-33128

ONEBEACON INSURANCE GROUP, LTD.

(Exact name of Registrant as specified in its charter)

Bermuda

98-0503315

(State or other jurisdiction of

(I.R.S. Employer

incorporation or organization)

Identification No.)

601 Carlson Parkway

55305

Minnetonka, Minnesota

(Zip Code)

(Address of principal executive offices)

Registrant's telephone number, including area code: (952) 852-2431

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

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 (§232.405 of this chapter) during the preceding 12 months. Yes No

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

As of July 26, 2013, 23,649,400 Class A common shares, par value \$0.01 per share, and 71,754,738 Class B common shares, par value \$0.01 per share, were outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ONEBEACON INSURANCE GROUP, LTD.
CONSOLIDATED BALANCE SHEETS

	June 30, 2013 (Unaudited)	December 31, 2012
	(in millions, except share and per share amounts)	
Assets		
Investment Securities:		
Fixed maturity investments, at fair value	\$1,648.5	\$1,593.3
Short-term investments, at amortized cost (which approximates fair value)	155.9	232.8
Common equity securities, at fair value	298.6	259.0
Convertible fixed maturity investments, at fair value	29.8	62.6
Other investments	145.0	143.8
Total investment securities	2,277.8	2,291.5
Cash	110.8	43.9
Reinsurance recoverables	84.6	110.6
Premiums receivable	233.7	225.6
Deferred acquisition costs	100.1	123.9
Net deferred tax asset	120.2	137.8
Investment income accrued	10.9	12.1
Accounts receivable on unsettled investment sales	4.1	2.1
Other assets	225.8	227.2
Assets held for sale	2,047.0	2,226.8
Total assets	\$5,215.0	\$5,401.5
Liabilities		
Unpaid loss and loss adjustment expense reserves	\$1,027.8	\$1,000.0
Unearned premiums	517.2	573.8
Debt	274.7	274.7
Accounts payable on unsettled investment purchases	28.8	6.2
Other liabilities	274.5	302.7
Liabilities held for sale	2,047.0	2,226.8
Total liabilities	4,170.0	4,384.2
OneBeacon's common shareholders' equity and noncontrolling interests		
OneBeacon's common shareholders' equity		
Common shares and paid-in surplus (par value \$0.01; authorized, 200,000,000 shares; issued and outstanding, 95,407,138 and 95,386,179 shares)	1,021.0	1,019.1
Retained earnings	34.6	9.2
Accumulated other comprehensive loss, after tax	(13.5) (13.8
Total OneBeacon's common shareholders' equity	1,042.1	1,014.5
Total noncontrolling interests	2.9	2.8
Total OneBeacon's common shareholders' equity and noncontrolling interests	1,045.0	1,017.3
Total liabilities, OneBeacon's common shareholders' equity and noncontrolling interests	\$5,215.0	\$5,401.5

See Notes to Consolidated Financial Statements.

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ONEBEACON INSURANCE GROUP, LTD.
 CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
 (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	(\$ in millions, except per share amounts)			
Revenues				
Earned premiums	\$280.8	\$280.3	\$567.3	\$552.1
Net investment income	11.4	14.0	20.8	28.7
Net realized and change in unrealized investment gains	(25.5) (11.9) 2.9	17.9
Net other revenues	0.6	0.2	24.6	0.3
Total revenues	267.3			