

OneBeacon Insurance Group, Ltd.

Form 10-Q

October 30, 2009

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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 September 30, 2009

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)

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Bermuda

(State or other jurisdiction of
incorporation or organization)

98-0503315

(I.R.S. Employer
Identification No.)

**601 Carlson Parkway
Minnetonka, Minnesota**

(Address of principal executive offices)

55305

(Zip Code)

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

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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, 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 (or for such shorter period that the registrant was required to submit and post such files). 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

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 October 28, 2009, 23,366,312 Class A common shares, par value of \$0.01 per share, and 71,754,738 Class B common shares, par value of \$0.01 per share, were outstanding.

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PART 1. FINANCIAL INFORMATION

ITEM 1. Financial Statements

ONEBEACON INSURANCE GROUP, LTD.

CONSOLIDATED BALANCE SHEETS

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	September 30, 2009 (Unaudited)	December 31, 2008
	(in millions, except share and per share amounts)	
Assets		
Investment Securities:		
Fixed maturity investments, at fair value (amortized cost \$2,690.8 and \$2,246.4)	\$ 2,795.7	\$ 2,134.8
Common equity securities, at fair value (cost \$76.6 and \$284.6)	81.2	276.7
Convertible bonds, at fair value (amortized cost \$224.0 and \$255.0)	244.0	241.2
Short-term investments, at amortized cost (which approximates fair value)	730.6	962.2
Other investments, at fair value (cost \$145.2 and \$178.6)	166.2	196.6
Total investments	4,017.7	3,811.5
Cash	53.0	53.0
Reinsurance recoverable on unpaid losses	686.2	859.4
Reinsurance recoverable on unpaid losses - Berkshire Hathaway, Inc.	1,558.1	1,643.9
Reinsurance recoverable on paid losses	17.3	21.7
Premiums receivable	505.8	527.6
Securities lending collateral		100.7
Deferred acquisition costs	228.8	225.5
Net deferred tax asset	101.7	252.7
Investment income accrued	26.0	25.7
Ceded unearned premiums	59.1	66.5
Accounts receivable on unsettled investment sales	30.1	49.0
Other assets	290.7	303.6
Total assets	\$ 7,574.5	\$ 7,940.8
Liabilities		
Loss and LAE reserves	\$ 4,029.6	\$ 4,294.0
Unearned premiums	1,081.2	1,088.2
Debt	620.4	731.9
Securities lending payable	1.7	107.7
Ceded reinsurance payable	36.3	70.5
Accounts payable on unsettled investment purchases	29.3	6.8
Other liabilities	383.6	469.4
Total liabilities	6,182.1	6,768.5
Shareholders' equity and noncontrolling interests		
OneBeacon's shareholders' equity		
Common shares and paid-in surplus (par value \$0.01; authorized, 200,000,000 shares; issued and outstanding, 95,121,050 and 95,094,199 shares)	1,017.9	1,016.7
Retained earnings	373.1	163.4
Accumulated other comprehensive loss, after tax:		
Net unrealized foreign currency translation losses	(0.6)	(0.6)
Other comprehensive loss items	(16.9)	(24.4)
Total OneBeacon's shareholders' equity	1,373.5	1,155.1
Total noncontrolling interests	18.9	17.2
Total OneBeacon's shareholders' equity and noncontrolling interests	1,392.4	1,172.3
Total liabilities, OneBeacon's shareholders' equity and noncontrolling interests	\$ 7,574.5	\$ 7,940.8