ANNUAL REPORT 2014

Oil Casualty Insurance, Ltd.

In 2014 our efforts focused on preparing Oil Casualty Insurance, Ltd. for the complex challenges that lie ahead.

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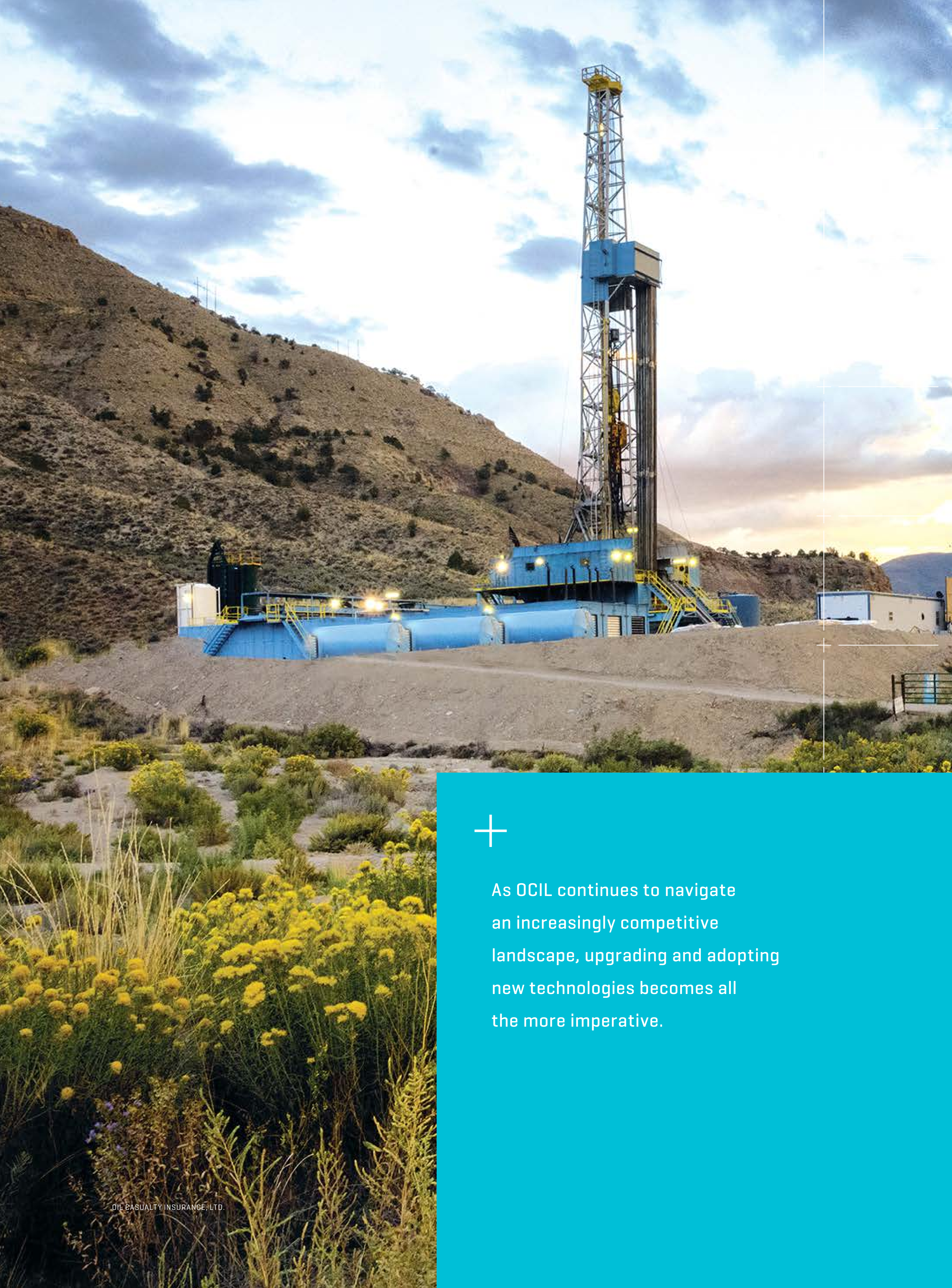
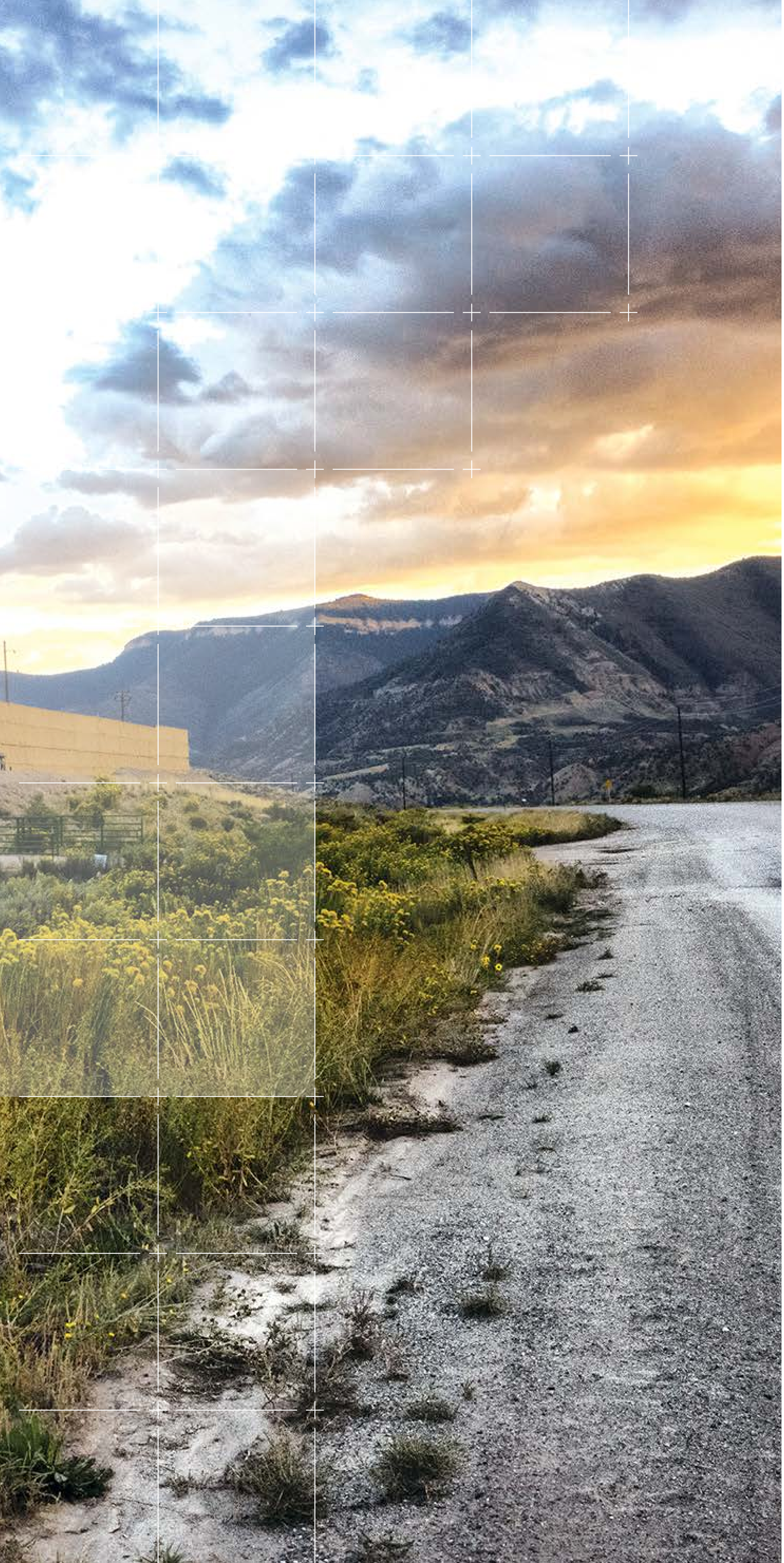


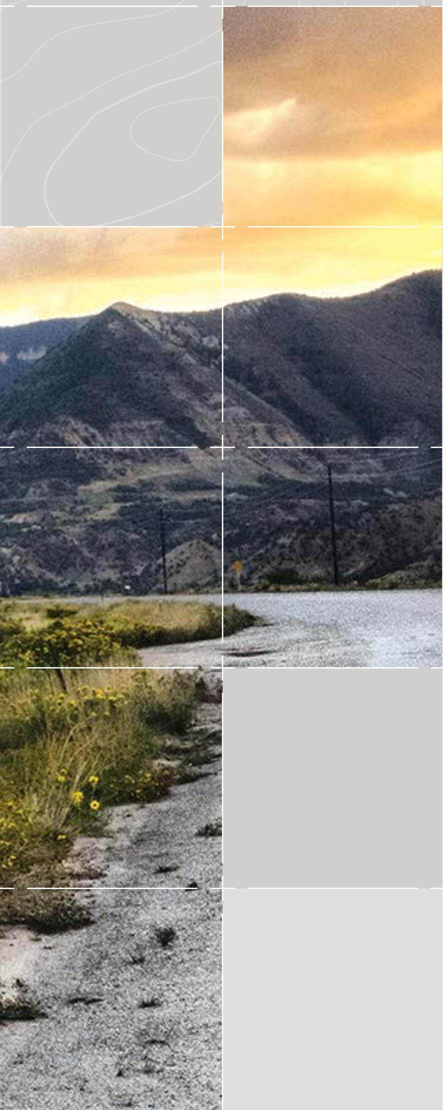
As OCIL continues to navigate an increasingly competitive landscape, upgrading and adopting new technologies becomes all the more imperative.



The Company has taken many steps to provide a high level of service as we prepare for new opportunities.

PRESIDENT'S MESSAGE

In 2014, following a period of record setting growth and sustained development, our efforts focused on preparing Oil Casualty Insurance, Ltd. for the complex challenges that lie ahead. The Company committed to developing a comprehensive strategic plan that will allow us to meet the needs of our energy industry clients in an increasingly competitive and evolving global environment. I am confident that our proactive approach will result in a robust and adaptive organization.



During the course of this strategic planning process, it became clear that, in order to meet the needs of our clients, we needed a greater degree of underwriting flexibility combined with innovative business intelligence tools. As a result, in 2014 the OCIL Board of Directors authorized the Company to expand its range of underwriting capabilities, resulting in a more adaptable underwriting environment and greater diversification of risk.

OCIL's underwriting and investment operations remain dedicated to provide stable results despite the difficult economic conditions. Low global interest rates created a challenging investment landscape throughout 2014. Nonetheless, our investment portfolio delivered consistent results. Our direct insurance book of business continues to grow. The combined number of excess liability and property insureds surpassed last year's total, reaching a record 146 insureds, as of November 30, 2014, compared to 138 insureds as at fiscal year-end 2013.

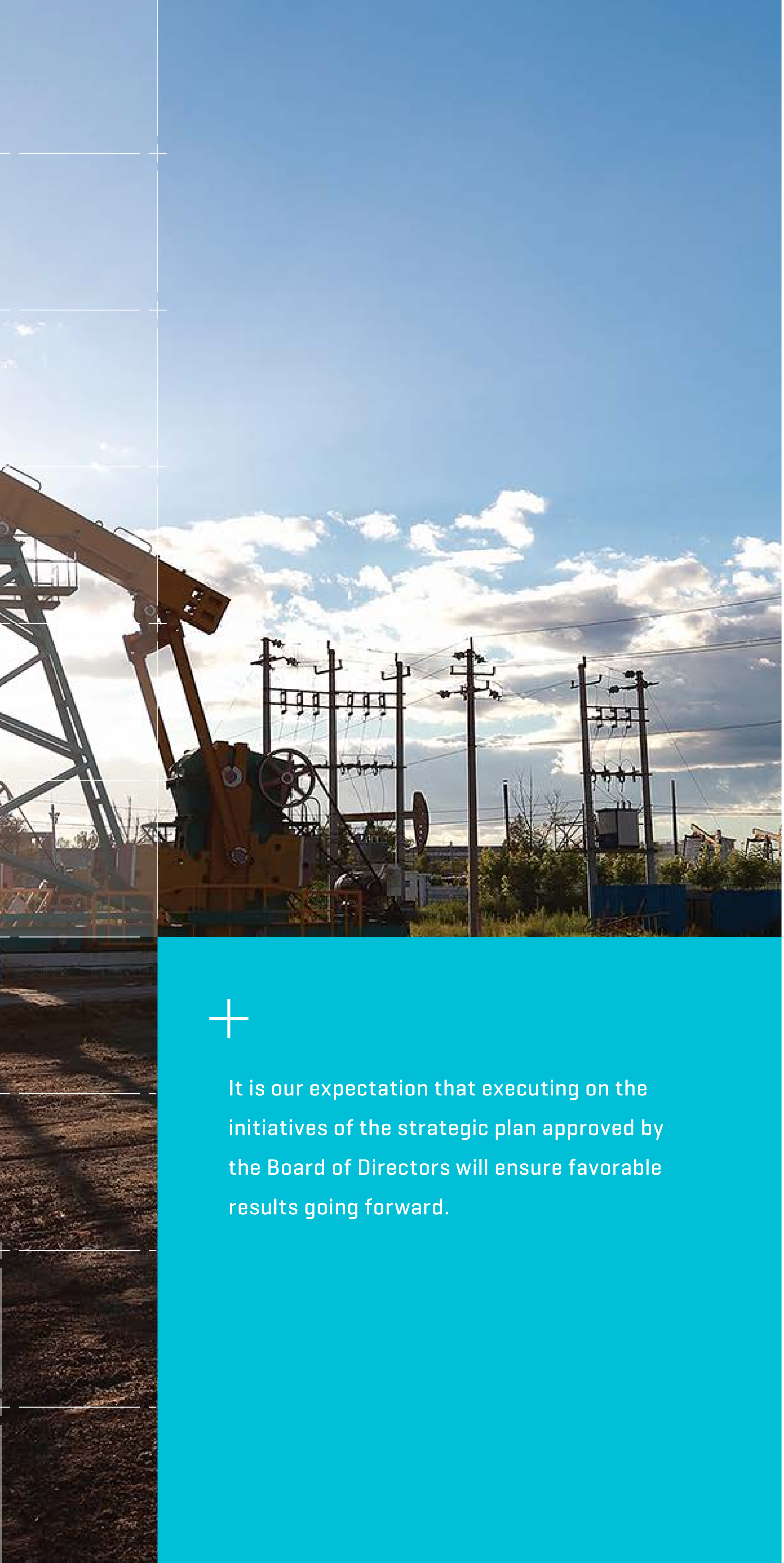
As OCIL continues to navigate an increasingly competitive and complex landscape, upgrading our IT systems and adopting new technologies becomes all the more imperative. Our enterprise risk management processes are constantly evolving. We spent a great deal of effort in 2014 on identifying the most capable and appropriate business intelligence tools to effectively monitor our exposure to risk on a per-insured and aggregated basis. These systems and processes will empower our decision makers, in real-time, with analytics which highlight patterns and trends to improve our exposure management. As always, the end goal is more effective decision-making and greater operational efficiencies.

The Company has taken many steps to provide a high level of service as we prepare for new opportunities. 2014 saw the addition of an Underwriting Assistant and plans are in place for additional hires to support our growth and service commitment. Our staff continues to develop and demonstrate a high level of industry-specific experience and expertise.

In closing, I wish to express my sincere gratitude to the Board of Directors for their guidance and to our shareholders and non-shareholder insureds for their continued support. I would like to acknowledge the dedication and hard work of OCIL's management team and staff and thank them for their contributions to the Company during the year. Building on the strategic work of 2014, OCIL's outlook moving forward remains positive and I am confident of the Company's future success.

R. D. Stauffer

Robert D. Stauffer
President and Chief Executive Officer

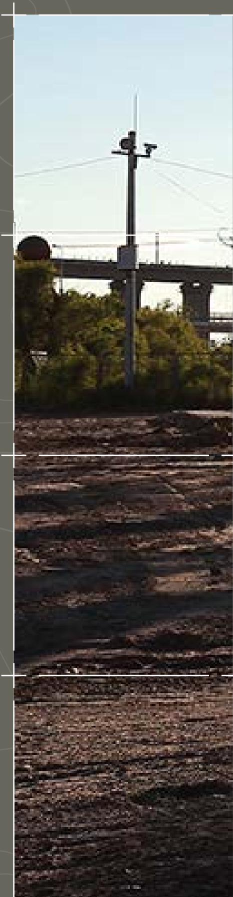


It is our expectation that executing on the initiatives of the strategic plan approved by the Board of Directors will ensure favorable results going forward.

Since 2013, OCIL has been implementing an IT strategy for improving systems, data warehousing and employing business intelligence analysts to provide for more effective decision making and reporting capabilities.

OPERATIONS REVIEW

Rapid changes in the energy, insurance and reinsurance industries provided the backdrop to OCIL's underwriting and investment performance in 2014. The influx of capital and capacity entering the insurance space combined with a period devoid of significant natural catastrophes has created an increasingly challenging insurance environment. When you overlay this fact with oil prices driving budget cuts at many of our client companies, including insurance premium expenses, it is evident that OCIL is beginning to see an impact on our operations. To ensure that OCIL has the tools to respond and adapt to a changing environment, significant time and resources were devoted to strategic planning in 2014. It is our expectation that executing on the initiatives of the strategic plan approved by the Board of Directors will ensure favorable results going forward.



Insurance Operations:

Although 2014 was a more challenging year than 2013, with growth harder to come by in OCIL's direct excess liability insurance business segment, it was still another record year in terms of written and earned premium, shareholder equity and number of customers. One of the initiatives adopted by the OCIL Board of Directors in 2014 was for the Company to expand its underwriting appetite to accommodate medium sized energy companies. For example, our underwriters have greater flexibility in attaching policy limits below $50 million for both property and liability coverages and increasing the maximum available property limits to $50 million. Additionally, excess liability policies with occurrence claims triggers can now be underwritten. These underwriting enhancements create a more nimble framework enabling OCIL to respond to shifts in the insurance marketplace and ultimately expand our customer base. As our strategic initiatives are implemented, we expect to see the financial impact in late 2015 which will give us positive momentum going into 2016.

As of November 30, 2014, the combined number of excess liability and property insureds surpassed last year's total. Although the liability book remained unchanged with 120 in-force policies, the property book grew to 53 in-force policies; an increase from 43 a year earlier. As of November 30, 2014, OCIL had 53 shareholders.

Direct premiums earned increased from $60.88 million at year end November 30, 2013 to $64.53 million at fiscal year end 2014. Due primarily to case reserves on several claims from prior year incidents, our direct operations suffered a net underwriting loss of $18.68 million in 2014 compared to net underwriting income of $17.39 million a year earlier.

With an evolving set of enterprise risk management practices, OCIL continues to carefully monitor its various corporate-wide risk exposures, including the per risk and catastrophe event underwriting exposures. Since 2013, OCIL has been implementing an IT strategy for improving systems, data warehousing and employing business intelligence analysts to provide for more effective decision making and reporting capabilities.

Assumed Reinsurance:

In 2014, our assumed reinsurance operations generated earned premium of $95.36 million ($84.52 million in 2013) and net underwriting income of $10.87 million ($7.89 million in 2013). Although we are beginning to see a shift in the industry toward increased ceding commissions and ceding companies retaining more risk, OCIL is somewhat buffered from these influences due to our strong relationships and specialized book of business.

Ceded Reinsurance:

Ceded reinsurance expenses increased in 2014 due to the Company's efforts to mitigate potential loss volatility from correlated events across our various underwriting operations as well as natural catastrophe exposures. We continue to purchase reinsurance programs that allow OCIL to maintain the stable capacity provided to its insureds whilst protecting our existing capital base.

In Closing:

After twenty-eight years of operation, OCIL remains committed to its primary goal, which is to serve the needs of the energy industry. In 2015, our team of underwriters, equipped with added underwriting flexibility, will continue to focus on profitably growing the excess general liability, excess property and assumed reinsurance operations. The 2014 strategic plan has resulted in a more dynamic business model to support the Company's continued growth and prominence in the energy insurance industry.

I acknowledge and am thankful for the support of the brokerage community, assumed reinsurance partners, shareholders, non-shareholder insureds, directors and employees for advancing our strategic initiatives.

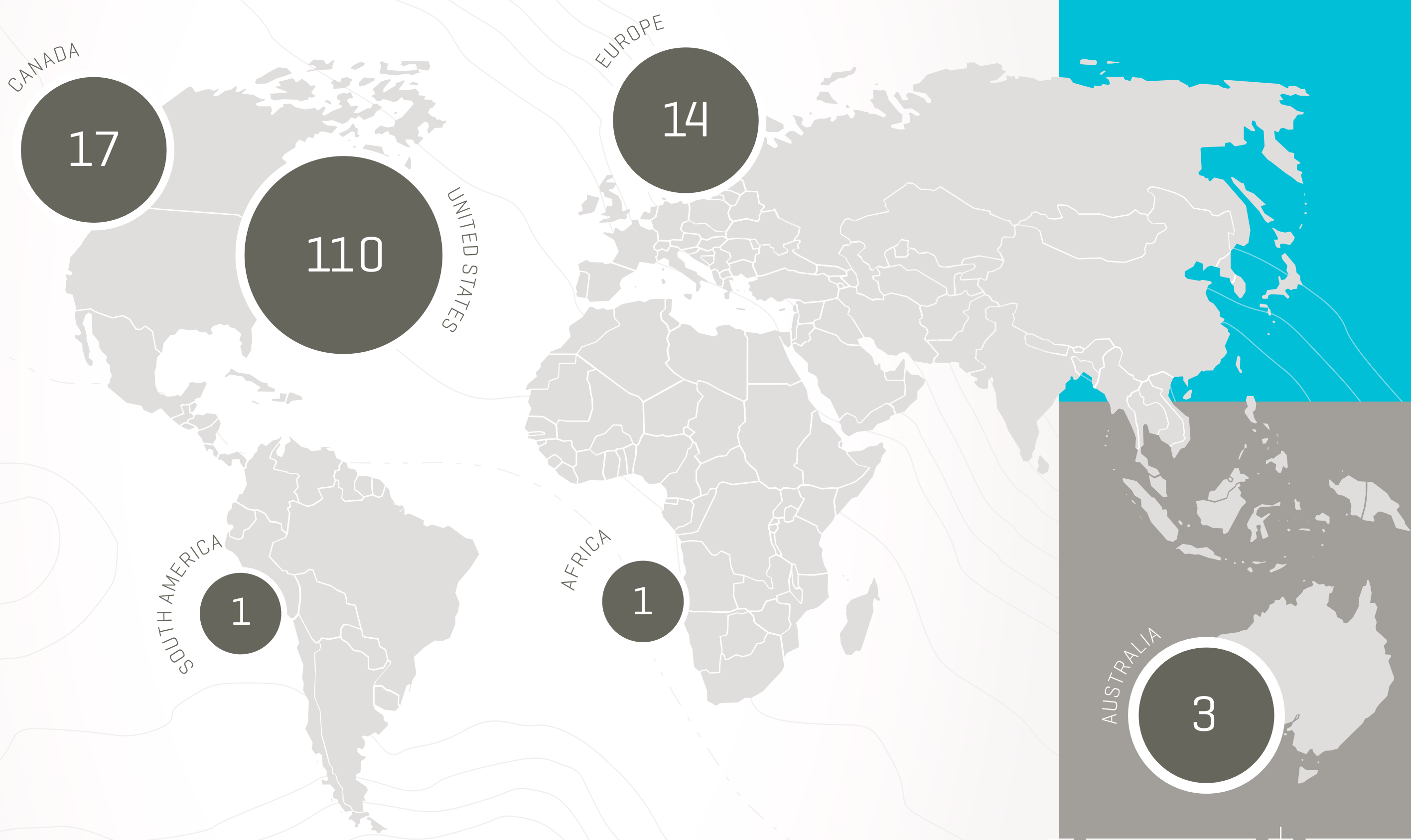
Jerry Rivers
Senior Vice President and
Chief Operating Officer

GROSS WRITTEN PREMIUMS

2014	174,234
2013	152,720
2012	145,870
2011	82,105
2010	56,708
2009	49,028
2008	44,009
2007	51,125
2006	76,635
2005	77,321

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS AS OF NOVEMBER 30, 2014

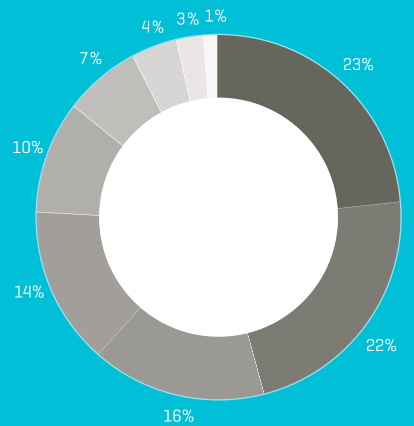
INSUREDS* GEOGRAPHY



* INCLUDES PROPERTY AND LIABILITY INSUREDS, NOT POLICIES WRITTEN

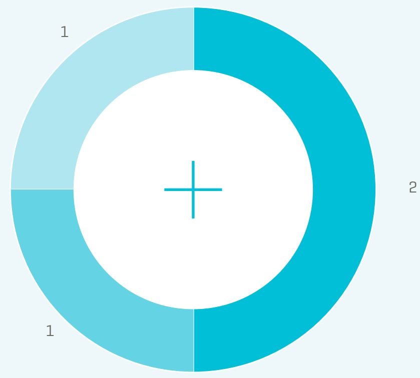
LIABILITY

Industry Segment (Percent of total insureds)



Utility	23%	Petrochemical	7%
Exploration & Production	22%	Chemical	4%
Pipeline	16%	Mining	3%
Refining & Marketing	14%	Other	1%
Integrated Oil	10%		

New Business (Number of insureds)*

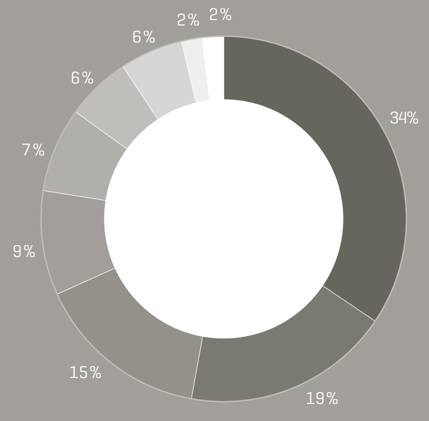


Exploration & Production	2
Pipeline / Midstream	1
Utility	1

*WRITTEN IN THE FISCAL YEAR ENDING NOVEMBER 30, 2014

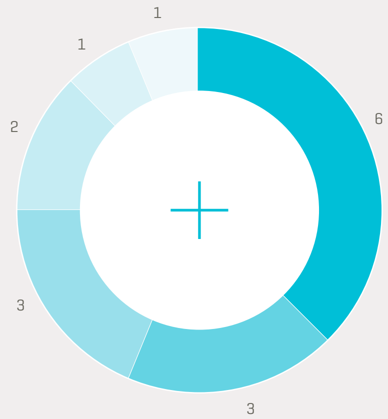
PROPERTY

Industry Segment (Percent of total insureds)



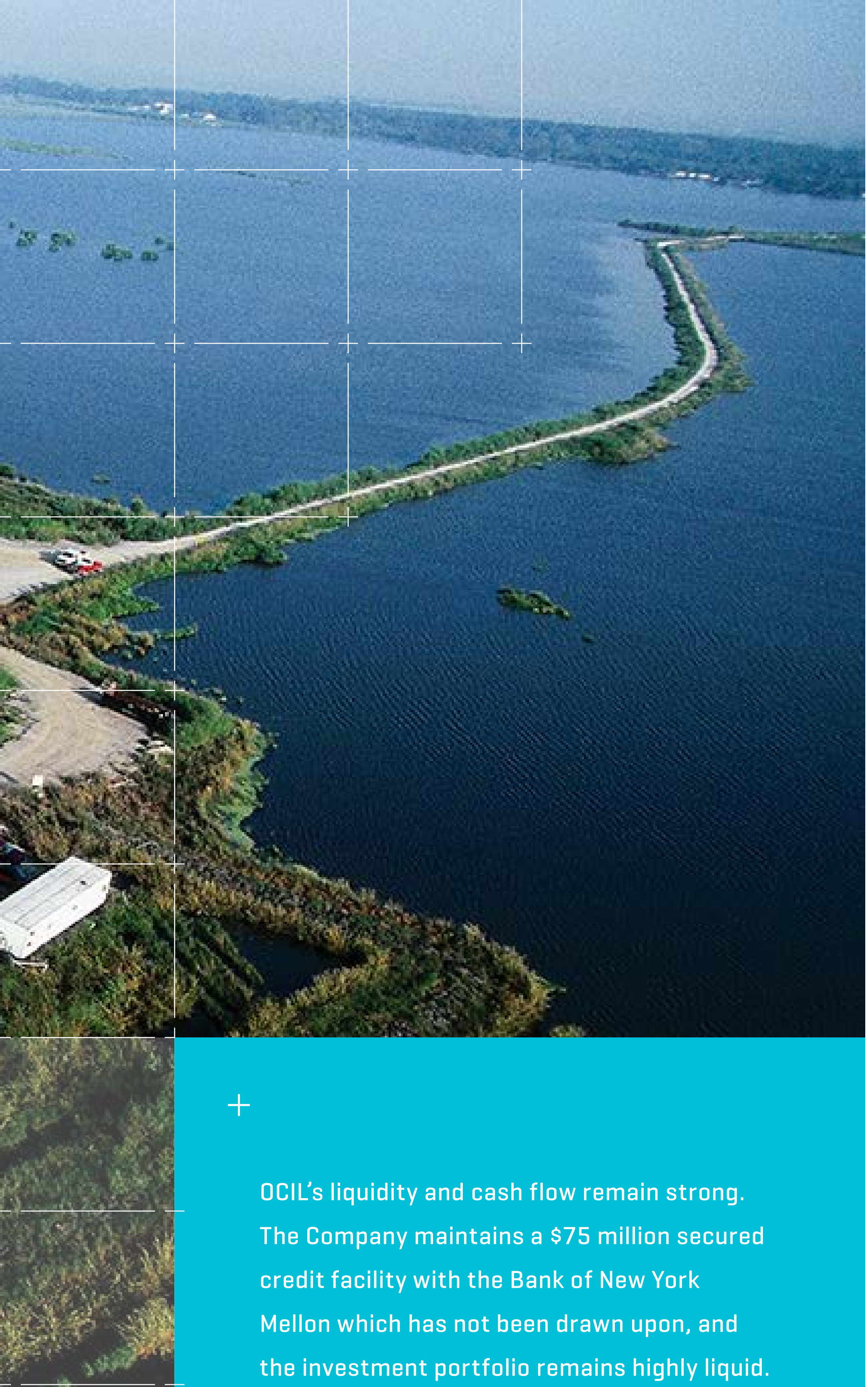
Mining	34%	E&P Offshore	6%
Petrochemical	19%	Utility	6%
Refining & Marketing	15%	E&P On/Offshore	2%
E&P Onshore	9%	Integrated Oil	2%
Pipeline	7%		

New Business (Number of insureds)*

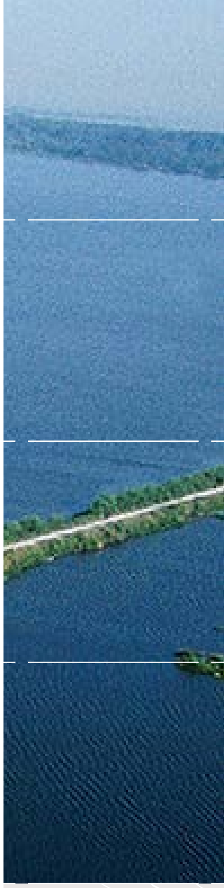


Mining	6
Refining & Marketing	3
Petrochemical	3
Utility	2
Exploration & Production	1
Integrated Oil	1

*WRITTEN IN THE FISCAL YEAR ENDING NOVEMBER 30, 2014



OCIL's liquidity and cash flow remain strong. The Company maintains a $75 million secured credit facility with the Bank of New York Mellon which has not been drawn upon, and the investment portfolio remains highly liquid.



2014 INVESTMENT REVIEW

Regular readers of our annual report will recall that back in 2007 management identified a number of initiatives as part of a new strategic plan which we have implemented over the ensuing years. As mentioned throughout Jerry's operations report, 2014 was a year in which management and the Board spent considerable time and effort analyzing, discussing and devising potential enhancements to the Company's strategic plan.

While many of the deliberations at the operating Board level centered on our insurance operations, OCIL's investment team and investment subsidiary Board constantly looked for ways to enhance OCIL's investment portfolio. Following detailed analysis and discussion with our investment Board, two enhancements of note were implemented in 2014; a passive equity investment strategy along with a transition to a global equity mandate. After investigating pros and cons of active versus passive management across a spectrum of assets, a portion of OCIL's large cap equity assets were transitioned to a passive investment strategy. This enhancement will afford management added flexibility in managing OCIL's invested assets. The other notable action was repositioning the remainder of our global large cap equity assets from regional to global mandates. This action is expected to increase investment return by enabling our investment managers to invest in the most attractive developed equity markets without having to adhere to geographical constraints.

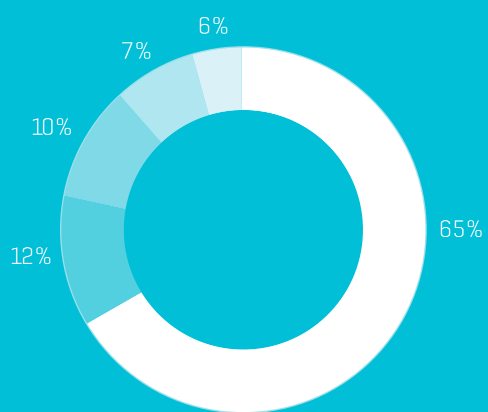
Turning to the market activity in 2014, economic divergence was a key item to note. Continued economic recovery in the U.S. was contrasted with heightened economic threats in other regions of the world including deflationary risks in Europe and Japan, and geopolitical tensions emanating from Russia, Ukraine and the Middle East. Central banks continued to have a significant impact on the markets by remaining accommodative and not raising interest rates. Equity markets also diverged, with US equity markets rallying while other regions declined.

OCIL's invested assets weathered this challenging investment environment quite admirably. Our objective of providing adequate liquidity to meet OCIL's claim paying obligations, while seeking to preserve and enhance the value of OCIL's invested assets was achieved. OCIL's return on its total invested assets for the year was 4.4%, resulting in the generation of $26 million in net investment income. OCIL's asset allocations were 65% Global Bonds, 10% Global Equities, 12% Funds of Hedge Funds, 7% Bonds held in Insurance Trusts and 6% Cash.

OCIL's liquidity and cash flow remain strong. The Company maintains a $75 million secured credit facility with the Bank of New York Mellon which has not been drawn upon, and the investment portfolio remains highly liquid.

In closing, I would like to thank both the OCIL operating Board and the OCICL investment Board for their continued guidance and dedication throughout 2014. To my OCIL colleagues who continue to strive for excellence day in and day out to deliver the results that we do, thank you.

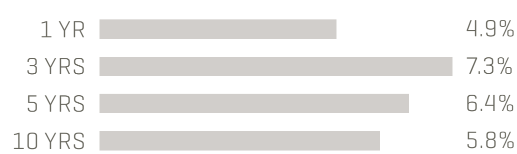
Ricky E. Lines
Senior Vice President
and Chief Financial Officer



ASSET ALLOCATION

Global Bonds	65%
Funds of Hedge Funds	12%
Global Equity	10%
Bonds Held in Trust	7%
Cash	6%
	100%

STRATEGIC PORTFOLIO RETURN*



TOTAL PORTFOLIO RETURN**

FISCAL YEAR ENDED NOVEMBER 30, 2014
* PORTFOLIO RETURNS EXCLUDE CASH AND BONDS IN TRUST
** PORTFOLIO RETURNS INCLUDE CASH AND BONDS IN TRUST

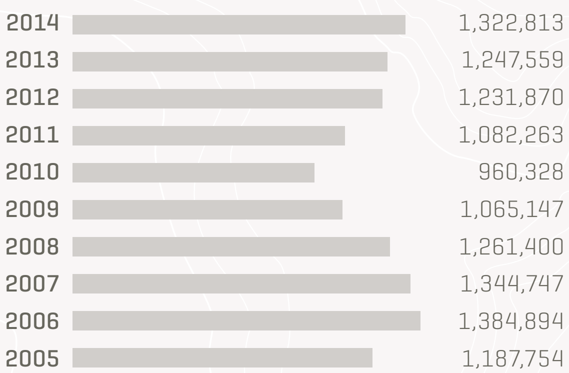
TEN-YEAR FINANCIAL HISTORY

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS AS OF NOVEMBER 30, 2014

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
PREMIUM										
Gross Written Premium	174,234	152,720	145,870	82,105	56,708	49,028	44,009	51,125	76,635	77,231
Earned Premium	159,893	145,396	111,924	64,919	49,690	45,073	46,048	61,651	78,433	82,185
FINANCIAL CONDITION										
Net Income/(Loss)	3,607	39,648	28,359	29,614	(19,287)	124,616	(160,270)	59,554	531	(51,238)
Total Assets	1,322,813	1,247,559	1,231,870	1,082,263	960,328	1,065,147	1,261,400	1,344,747	1,384,894	1,187,754
Shareholders Equity	532,701	529,094	489,471	461,117	431,503	450,785	326,174	486,469	426,965	426,449
LOSS AND LOSS EXPENSES										
Gross Losses and Loss Expenses	132,781	17,884	137,316	21,642	(9,405)	(2,707)	81,698	(7,555)	182,679	172,528
Reinsurance Recovery	28,336	(49,599)	36,733	21,449	(88,705)	-	92,300	-	127,400	85,546
Net-Losses and Loss Expense	104,445	67,483	100,583	193	79,300	(2,707)	(10,602)	(7,555)	55,279	86,982

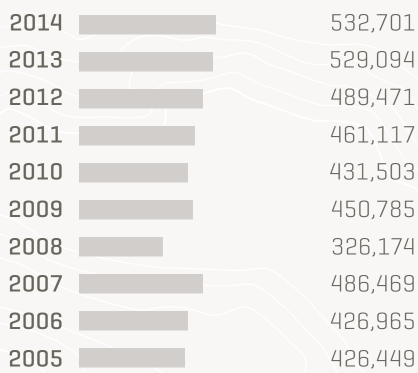
SUMMARY OF

TOTAL ASSETS*



SUMMARY OF

SHAREHOLDERS' EQUITY*



EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS AS OF NOVEMBER 30, 2014

CONSOLIDATED FINANACIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

Years Ended November 30, 2014 and 2013

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)	2014	2013
ASSETS		
Cash and cash equivalents (Notes 2(j) and 4(b))	$ 97,550	$ 122,052
Investments in marketable securities and derivatives (Notes 2(d),2(e), 3 and 4)	735,981	707,231
Other investments (Notes 2(d) and 3)	111,615	104,945
Assets pledged under Insurance Trusts (Note 4 (e))	66,693	15,347
Investment sales pending settlement	26,083	18,469
Accrued investment income	5,069	5,529
Losses recoverable from reinsurers (Notes 5 and 9)	159,823	157,062
Accounts receivable	56,617	48,877
Funds withheld	26,638	33,879
Prepaid reinsurance premiums	22,151	23,219
Other assets (Notes 6(c))	14,593	10,949
Total assets	$ 1,322,813	$ 1,247,559
LIABILITIES		
Outstanding losses and loss expenses (Note 5)	$ 416,046	$ 374,525
Unearned premiums	99,938	85,597
Securities sold short (Notes 2(i), 3 and 4)	19,282	10,732
Investment purchases pending settlement	65,172	55,085
Loan payable (Note 6 (a))	148,400	148,400
Reinsurance premium payable	19,404	23,037
Amounts due to affiliates (Note 8(b))	808	655
Accounts payable	21,062	20,434
Total liabilities	790,112	718,465
SHAREHOLDERS' EQUITY		
Common shares (Note 7)	275	275
Retained earnings	532,426	528,819
Total shareholders' equity	532,701	529,094
Total liabilities and shareholders' equity	$ 1,322,813	$ 1,247,559

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended November 30, 2014 and 2013

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)	**2014**	2013
Gross premiums written (Note 12)	$ 174,234	$ 152,720
Change in unearned premiums	(14,341)	(7,324)
Premiums earned (Note 12)	159,893	145,396
Premiums ceded	45,778	44,827
Change in prepaid reinsurance premiums	1,068	(6,702)
Premiums ceded	46,846	38,125
Net premiums earned (Note 12)	113,047	107,271
Losses and loss expenses incurred, net of reinsurance (Note 5 and 12)	(104,445)	(67,483)
Commission and brokerage fees, net (Note 12)	(16,406)	(14,510)
Net underwriting income (loss) (Note 12)	(7,804)	25,278
Interest income	18,301	19,872
Net gains on investments (Note 3)	22,771	22,659
Dividends	1,320	1,259
Investment advisory and custodian fees	(3,849)	(3,771)
Interest and debt expense (Note 6(a) and 6(c))	(12,312)	(12,479)
Net investment income	26,231	27,540
General and administrative expenses (Note 8(a))	(14,820)	(13,170)
Net income	$ 3,607	$ 39,648

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years Ended November 30, 2014 and 2013

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)	Common Shares: Number of Shares	Common Shares	Retained Earnings	Total
Balance at November 30, 2012	60	$ 300	$ 489,171	$ 489,471
Shares issued in year	-	-	–	-
Shares redeemed in year	(5)	(25)	–	(25)
Net income	–	–	39,648	39,648
Balance at November 30, 2013	55	275	528,819	529,094
Shares issued in year	–	–	–	–
Shares redeemed in year	-	-	–	-
Net income	–	–	3,607	3,607
Balance at November 30, 2014	55	$ 275	$ 532,426	$ 532,701

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended November 30, 2014 and 2013

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 3,607	$ 39,648
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization of deferred debt issuance costs	132	117
Net gains on investments	(22,771)	(22,659)
Accrued investment income	460	365
Losses recoverable from reinsurers	(2,761)	63,850
Accounts receivable	(7,740)	(12,899)
Funds withheld	7,241	(3,039)
Prepaid reinsurance premiums	1,068	(6,702)
Other assets	(3,776)	(650)
Outstanding losses and loss expenses	41,521	(54,887)
Unearned premiums	14,341	7,324
Reinsurance premium payable	(3,633)	(4,541)
Amounts due to affiliates	153	165
Accounts payable	628	11,201
Assets pledged under Insurance Trust	(51,346)	(15,347)
Proceeds from the sale of securities sold short	47,615	33,325
Purchase of securities sold short	(38,608)	(34,867)
Proceeds from the sale of investments	1,279,978	1,352,009
Purchase of investments	(1,290,611)	(1,344,358)
Net cash provided by operating activities	(24,502)	8,055
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase of common shares	–	(25)
Repurchase of deferrable subordinated debentures	–	(2,098)
Net cash used by financing activities	–	(2,123)
Net increase in cash and cash equivalents	(24,502)	5,932
Cash and cash equivalents at beginning of year	122,052	116,120
Cash and cash equivalents at end of year	$ 97,550	$ 122,052
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 11,872	$ 12,029

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended November 30, 2014 and 2013

1.NATURE OF THE BUSINESS

Oil Casualty Insurance, Ltd. (the "Company") was incorporated under the laws of Bermuda on May 14, 1986. The Company carries on business as an insurance and reinsurance company. Insurance business written represents Excess General Liability ("GL"), Property and, until March 15, 2006, Directors and Officers Liability ("D&O") risks of its shareholders and policyholders. The shareholders and policyholders comprise companies operating in the energy industry. The assumed reinsurance business written mainly represents commercial property and casualty risks of ceding companies that provide such insurance primarily to energy companies. Effective January 1, 2013, the Company holds a Class 3B license under The Insurance Act 1978 of Bermuda and related regulations.

2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The following are the significant accounting policies adopted by the Company:

(a) Principles of consolidation

These Consolidated Financial Statements include the results of the Company and its wholly-owned subsidiary, Oil Casualty Investment Corporation Ltd. ("OCICL") which was established to hold the Company's investment portfolios. All intercompany transactions are eliminated on consolidation.

(b) Premiums and acquisition costs

Insurance and assumed reinsurance premiums earned are recognized as income in the consolidated statement of operations.

Insurance premiums are recorded as written on the inception date of the policy. Insurance premiums are recognized as income generally on a basis proportionate with the coverage period within the underlying contracts. Unearned premiums represent the portion of premiums written that relate to the unexpired terms of policies in force.

Assumed reinsurance premiums are recorded at the inception of the reinsurance contract and are estimated based upon information in underlying contracts and information provided by clients and/or brokers. Assumed reinsurance premiums written are earned generally on a basis proportionate with the coverage period. Assumed reinsurance premiums written not yet recognized as revenue are recorded on the consolidated balance sheets as unearned premiums.

Due to the nature of reinsurance, ceding companies routinely report and remit premiums to the Company subsequent to the contract coverage period. Consequently, premiums written and receivable include amounts reported and billed by the ceding companies, supplemented by estimates of premiums that are written but not reported. The Company's premium estimation process considers the terms and conditions of the reinsurance contracts and assumes that the contracts will remain in-force until expiration. The Company's estimates of written premiums may be affected by early cancellation, election of contract provisions for cut-off and return of unearned premiums or other contract disruptions. Changes in assumed reinsurance premium estimates are expected and may result in significant adjustments in any period. These estimates change over time as additional information regarding the underlying exposures insured is obtained. Any subsequent differences arising on such estimates are recorded as premiums written in the period they are determined.

In the ordinary course of business, the Company uses both treaty and facultative reinsurance to minimize its net loss exposure to any one catastrophic loss event or to an accumulation of losses from a number of smaller events. Premiums ceded are pro-rated over the period the reinsurance coverage is provided with the unearned portion being deferred as prepaid reinsurance premiums.

Reinstatement premiums ceded are recognized and accrued at the time losses are incurred and are expensed pro-rata over the reinstated coverage period. Such accruals are based upon actual contractual terms applied to the amount of losses expected to be paid. However, there is a significant amount of management judgment involved with respect to the estimated amount of loss reserves as described in Note 2(c). It is at least reasonably possible that management will revise this estimate significantly in the near term. Any changes in the assessment of the ceded reinsurance premium will be recorded in the period in which it is determined.

Acquisition costs, consisting primarily of commissions, are deferred and charged to income on a pro-rata basis over the term of each policy or reinsurance contract.

(c) Outstanding losses and loss expenses and losses recoverable from reinsurers

Outstanding losses and loss expenses include reserves for reported unpaid losses and loss expenses and for losses incurred but not reported, including an estimate of the loss adjustment expenses. The reserve for outstanding losses and loss expenses for the Company's insurance and reinsurance operations is established by management based on claims reported from insureds or amounts reported from ceding companies at or before the balance sheet date, and represent the ultimate cost of events or conditions that have been reported to or specifically identified by the Company. In addition, a provision for adverse development for reported notifications and for losses incurred but not reported ("IBNR") is estimated by management based on the recommendations of an independent actuary using the past loss history of the Company and industry data.

The GL insurance policies are issued on an occurrences first reported basis and D&O insurance policies were issued on a claims made basis. Accordingly, provision is made only for the estimated ultimate cost to the Company of losses notified but not settled at the balance sheet date. In establishing a provision for unpaid claims and claims expenses related to environmental exposure and clean-up, management considers facts currently known and the current state of laws and litigation.

Liabilities are recognized for known claims when sufficient information has been developed to indicate the involvement of a specific policy, and management can reasonably estimate the Company's liability. A substantial degree of judgment is required in assessing the ultimate cost of outstanding losses and the related amounts recoverable from reinsurers. It is at least reasonably possible that management will revise these estimates significantly in the near term. Any changes in the assessment of the ultimate cost of claims notified to date will be recorded in the period in which they are determined.

Unidentified events or conditions may have occurred which may be validly notified to the Company in subsequent periods and result in losses. Any such losses will be subject to the limits and conditions of the related policies in force at the time of notification.

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying liabilities.

(d) Investments in marketable securities, other investments and investment income

Investments are classified as trading and are carried in the Consolidated Balance Sheet at fair value. Realized and unrealized gains and losses are included in the Consolidated Statement of Operations. Security transactions are accounted for on a trade date basis with investment purchases and sales pending settlement accrued in the Consolidated Balance Sheet.

Other investments consist of investments in hedge funds and fund of funds and are carried at fair value. The units of account that are valued by the Company are its interest in the funds and not the underlying holdings of such funds. Thus, the inputs used by the Company to value its investments in each of the funds may differ from the inputs used to value the underlying holdings of such funds. These funds are stated at fair value, which ordinarily will be the most recently reported net asset value as reported by their investment managers or third party administrators. The use of net asset value as an estimate of the fair value for investments in certain entities that calculate the net asset value is a permitted practical expedient. The change in the fair value of hedge fund investments is included in the Consolidated Statement of Operations.

Assets pledged under Insurance Trust are carried in the Consolidated Balance Sheet at fair value. Realized and unrealized gains and losses are included in the Consolidated Statement of Operations.

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Investment gains and losses are computed using the average cost of securities sold and are recorded in the Consolidated Statement of Operations. Dividend income, net of withholding tax, is recorded when declared. Interest income is accrued to the balance sheet date.

Short term investments comprise securities due to mature within one year of the balance sheet date.

(e) Derivative financial instruments

The Company recognizes all derivatives as either assets or liabilities in the Consolidated Balance Sheet and measures those instruments at fair value. All changes in the fair value of derivatives are recorded in the Consolidated Statement of Operations. None of the derivatives used by the Company are designated as accounting hedges. Derivatives are used by the Company to mitigate certain risks inherent in holding the underlying debt or equity securities, or are designed to provide exposure to certain sectors or markets and to enhance investment returns. The unrealized gains or losses arising from derivative financial instruments are not separately classified as assets or liabilities in the Consolidated Balance Sheet; they are classified with the underlying debt and equity securities they are designed to hedge or enhance (see Notes 3 and 4).

(f) Deferred debt issuance costs

The Company defers costs directly associated with the issuance of debt instruments and amortizes such costs on a straight-line basis over the term of the debt agreements.

(g) Translation of foreign currency investments and losses

The costs of foreign currency investments are translated at exchange rates in effect on the date of purchase; fair values are translated at year end exchange rates. Reserves for outstanding losses, accounts receivable and payable and investments in trust which are denominated in foreign currencies are translated at exchange rates in effect at the balance sheet date. Realized and unrealized exchange gains and losses are included in the Consolidated Statement of Operations.

(h) Fair value of financial instruments

The following methods and assumptions are used by the Company in estimating the fair values of its financial instruments:

Cash and cash equivalents: The carrying amounts reported in the Consolidated Balance Sheet for these instruments approximate their fair values.

Investments in marketable securities: Fair values of fixed maturity securities, long and short positions in equity securities and short term investments are based on market prices quoted by broker dealers in that market or quoted on the relevant exchange.

Other investments: Hedge fund investments, which are investments in fund of funds and investments in other hedge funds, are valued using the net asset values obtained from the investment managers or the administrators of the respective investment funds. These investment entities generally carry their investments at fair value.

Derivatives: The fair value of these instruments are based upon quoted market prices. Where quoted market prices are not available, fair value is based upon prices provided by the counterparty.

Loan payable: The fair value of the outstanding debentures approximate their carrying value as the Company pays interest at market rates.

Other assets and liabilities: The fair values of assets pledged under insurance trusts, investment purchases and sales pending settlement, amounts due to affiliates, reinsurance premiums payable, accounts receivable, funds withheld and accounts payable approximate their carrying value due to the immediate or short term maturity of these financial instruments.

The estimates of fair value presented herein are subjective in nature and are not necessarily indicative of the amounts that the Company could realize in a current market exchange. Any differences are not expected to be material. All non-financial instruments such as unearned premiums, prepaid reinsurance premiums, other assets and financial instruments related to insurance contracts such as outstanding losses and loss expenses and losses recoverable from reinsurers are excluded from fair value disclosure. Thus the total fair value amounts cannot be aggregated to determine the underlying economic value of the Company.

(i) Short selling

The Company may sell a security it does not own in anticipation of a decline in the fair value of that security. The Company must borrow the security or enter into an arrangement to borrow the security before the Company sells a security short. The Company is required to maintain collateral with the broker-dealer from which the security was borrowed. A gain, limited to the price at which the Company sold the security short, or a loss, unlimited in size, will be recognized upon the termination of a short sale. The Company is also subject to the risk that it may be unable to reacquire a security to close a short position except at a price substantially in excess of the last quoted price. Realized and unrealized gains and losses arising from short sales are recorded within net gains on investments in the Consolidated Statement of Operations. Securities sold short are recorded as liabilities in the Consolidated Balance Sheet at fair value.

(j) Cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash equivalents include time deposits with an original maturity period of ninety days or less.

As at November 30, 2014, cash in the amount of $29.4 million (2013: $13.5 million) was on deposit with counterparties as collateral for securities sold short and positions held in derivative financial instruments (Note 4).

3.INVESTMENTS

The fair values of investments as at November 30, 2014 and 2013 are as follows:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	**2014**	2013
Short Term Investments	$ 139,144	$ 83,745
Derivatives, net	(1,442)	2,898
Equity Securities	88,302	91,767
Fixed Maturities		
US Treasury and Government Agency	64,675	51,454
State and Municipal Bonds	18,250	23,032
Non-US Government Bonds	125,012	127,144
Supranationals	6,951	13,251
Corporate Bonds	167,919	173,491
Asset-Backed Securities	49,616	45,560
Mortgage-Backed Securities	77,554	94,889
Total Fixed Maturities	509,977	528,821
Total Investments in Marketable Securities and Derivatives	$ 735,981	$ 707,231
Other Investments	$ 111,615	$ 104,945

In the table above, mortgage-backed securities issued by US government agencies are combined with other mortgage-backed securities held and are included in the category "Mortgage-Backed Securities". At November 30, 2014, approximately 50% (2013: 46%) of the total mortgage-backed holdings are represented by investments in GNMA, FNMA and FHLMC securities. The remainder of the mortgage exposure consists of collateralized mortgage obligations and non-government issued securities, the majority of which have investment grade credit ratings.

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The credit quality of fixed maturities and short term investments as at November 30, 2014 and 2013 are as follows:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	2014	2013
US Government and Agency	$ 136,889	$ 98,398
AAA	82,062	103,314
AA	128,147	140,467
A	105,959	63,160
BBB	122,569	140,743
Below BBB	73,495	66,484
Total fixed maturities and short term investments	$ 649,121	$ 612,566

The Company's methodology for assigning credit ratings to our fixed maturities and short term investments uses the lower rating as determined by Standard & Poor's and Moody's Investors Services. Securities with a credit rating below investment grade as at November 30, 2014, had an unrealized gain of $3.4 million (2013: $2.8 million gain) at the same date, which has been recorded in the Consolidated Statement of Operations.

At November 30, 2014, $61.4 million (2013: $186.7 million) of investments are held in joint custody accounts with Oil Investment Corporation Ltd., a company affiliated through common ownership. Under the terms of the joint custody agreement the Company owns 3.9% (2013: 6.3%) of each security held in these joint custody accounts. The Company records its proportionate share of the investment assets, liabilities, income, net realized and unrealized gains and losses within these Consolidated Financial Statements.

The contractual maturities of fixed maturities and short term investments as at November 30, 2014 and 2013 are as follows:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	2014	2013
Due in one year or less	$ 139,144	$ 83,745
Due after one year through five years	166,644	192,082
Due after five years through ten years	109,266	105,460
Due after ten years	106,897	90,830
	521,951	472,117
Asset Backed Securities	49,616	45,560
Mortgage-Backed Securities	77,554	94,889
Total Fixed Maturities and short term investments	$ 649,121	$ 612,566

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties and the lenders may have the right to put or sell the securities back to the borrower.

The gross realized gains and losses on investments and the change in unrealized gains and losses for the years ended November 30, 2014 and 2013 are as follows:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	**2014**	2013
Gross realized gains on investments	$ 92,352	$ 104,406
Gross realized losses on investments	(71,369)	(87,933)
Gross realized gains on derivative instruments	56,776	66,787
Gross realized losses on derivative instruments	(44,975)	(61,644)
Gross realized gains on other investments	3,166	14,043
Gross realized losses on other investments	(53)	(7,354)
Change in net unrealized gains and losses during the year on investments	(13,438)	(16,828)
Change in net unrealized gains and losses during the year on derivative instruments	(4,340)	4,525
Change in net unrealized gains and losses during the year on other investments	4,656	6,653
Change in net unrealized gains and losses during the year on assets pledged under Insurance Trust	(4)	4
Net gains on investments	$ 22,771	$ 22,659

During the year ended November 30, 2014, the change in net unrealized gains and losses on investments was attributable to movements in the fair value of the Company's equity securities of a $12.6 million loss (2013: $9.6 million gain) and fixed maturities and short term investments of a $0.8 million loss (2013: $26.4 million loss).

Under U.S. GAAP the Company is required to determine the appropriate level in the fair value hierarchy for each fair value measurement. The fair value hierarchy prioritizes the inputs, which refer broadly to assumptions market participants would use in pricing an asset or liability, into three levels. It gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Level 1 financial instruments include cash and certain cash instruments such as money market funds, short term investments, U.S. treasury securities and exchanged traded equities.

Level 2 inputs are those which are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar observable market data. Level 2 financial instruments include sovereign debt, corporate debt, U.S. agency and non-agency mortgage and asset-backed securities and derivatives.

Level 3 includes financial instruments whose value is based on valuation techniques that use significant inputs which are unobservable. These measurements include circumstances in which there is little, if any, market activity for the asset or liability. In making the assessment, the Company considers factors specific to the asset or liability and such an assessment will involve significant management judgment. Because of the inherent uncertainty in the valuation of these Level 3 investments, fair values of such investments may differ from the values that would have been used had a ready market for these investments existed, and the differences could be material.

Fair value prices for all securities in the fixed maturities portfolio are independently provided by the investment custodian and the investment managers, which each utilize internationally recognized independent pricing services. The Company records the unadjusted price provided by the investment custodian or the investment accounting service provider and validates this price through a process that includes, but is not limited to: (i) comparison to the price provided by the investment manager, with significant differences investigated; (ii) quantitative analysis (e.g. comparing the quarterly return for each managed portfolio to its target benchmark, with

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significant differences identified and investigated); (iii) evaluation of methodologies used by external pricing sources to calculate fair value; and (iv) comparing the price to the Company's knowledge of the current investment market.

The independent pricing services used by the investment custodian, investment accounting service provider and investment managers obtain actual transaction prices for securities that have quoted prices in active markets. Each pricing service has its own proprietary method for determining the fair value of securities that are not actively traded. In general, these methods involve the use of "matrix pricing" in which the independent pricing service uses observable market inputs including, but not limited to, reported trades, benchmark yields, broker/dealer quotes, interest rates, prepayment speeds, default rates and such other inputs as are available from market sources to determine a reasonable fair value. In addition, pricing services use valuation models to develop prepayment and interest rate scenarios.

The fair values of short-term investments are determined based on observable inputs that may include the spread above the risk-free yield curve, reported trades and broker-dealer quotes.

For all assets classified as Level 2, the market approach is utilized. The significant inputs used to determine the fair value of those assets classified as Level 2 are as follows:

- US government agency securities fair values were based on observable inputs that may include the spread above the risk-free yield curve, reported trades and broker/dealer quotes. These are considered observable market inputs and, therefore, the fair value of these securities are classified within Level 2.

- Non-U.S. government securities consist of bonds issued by non-U.S. governments and agencies along with supranational organizations. The significant inputs include the spread above the risk-free yield curve, reported trades and broker/dealer quotes. These are considered to be observable market inputs and, therefore, the fair values of these securities are classified within Level 2.

- Corporate securities consist primarily of investment-grade debt of a wide variety of corporate issuers and industries. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker/dealer quotes, benchmark yields, and industry and market indicators. These are considered observable market inputs and, therefore, the fair value of these securities are classified within Level 2.

- Municipal securities consist primarily of bonds issued by U.S. domiciled state and municipality entities. The fair values of these securities are determined using the spread above the risk-free yield curve, reported trades, broker/dealer quotes and benchmark yields. These are considered observable market inputs and, therefore, the fair value of these securities are classified within Level 2.

- Asset-backed securities consist primarily of investment-grade bonds backed by pools of loans with a variety of underlying collateral. The significant inputs used to determine the fair value of these securities includes the spread above the risk-free yield curve, reported trades, benchmark yields, broker/dealer quotes, prepayment speeds, and default rates. These are considered observable market inputs and, therefore, the fair value of these securities are classified within Level 2.

- Residential and commercial mortgage-backed securities include both agency and non-agency originated securities. Agency originated securities include securities issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and other U.S. government agencies. The significant inputs used to determine the fair value of these securities includes the spread above the risk-free yield curve, reported trades, benchmark yields, broker/dealer quotes, prepayment speeds, and default rates. These are considered observable market inputs and, therefore, the fair value of these securities are classified within Level 2.

The ability to obtain quoted market prices is reduced in periods of decreasing liquidity, which generally increases the use of matrix pricing methods and generally increases the uncertainty surrounding the fair value estimates. This could result in the reclassification of a security between levels of the fair value hierarchy.

The Company invests in hedge "fund of funds" which invest in a number of underlying funds, following different investment strategies. As of November 30, 2014, the "fund of funds" portfolio was invested in a variety of strategies, with the common strategies being long / short equity, global macro, event driven, fundamental equity and commodities. In general, the fund of funds in which the Company is invested require at least 91 days' notice of redemption, and may be redeemed on a quarterly or semi-annual basis, depending on the fund of fund. Certain fund of funds have a lock-up period. A lock-up period refers to the initial amount of time an investor is contractually required to invest before having the ability to redeem.

Fund of funds that do provide for periodic redemptions may, depending on the fund of funds' governing documents, have the ability to deny or delay a redemption request, called a "gate". The fund of fund may implement this restriction because the aggregate amount of redemption requests as of a particular date exceeds a specified level, generally ranging from 20% to 35% of the fund of fund's net assets. The gate is a method for executing an orderly redemption process that allows for redemption request to be executed in a timely manner to reduce the possibility of adversely affecting the remaining investors in the fund of fund. Typically, the imposition of a gate delays a portion of the requested redemption, with the remaining portion settled in cash sometime after the redemption date. Certain fund of funds may be allowed to invest a portion of their assets in illiquid securities, such as private equity or convertible debt. In such cases, a common mechanism used is a side-pocket, whereby the illiquid security is assigned to a separate memorandum capital account or designated account. Typically the investor loses its redemption rights in the designated account. Only when the illiquid security is sold, or otherwise deemed liquid by the fund of fund, may investors redeem their interest in the side-pocket. As of November 30, 2014, the fair value of hedge funds held in lock ups, side-pockets or gates was $7.5 million (2013: $10.3 million).

Certain hedge fund investments have a redemption notice period and frequency that is not considered to be in the near term; these investments are classified as Level 3 in the hierarchy. As of November 30, 2014, the remaining hedge fund portfolio investments are classified as Level 2 in the fair value hierarchy; the Company can reasonably estimate when it will be able to redeem its investments at the net asset value, and the redemption period is considered to be in the near term.

The Company has ongoing due diligence processes with respect to funds in which it invests and their managers. These processes are designed to assist the Company in assessing the quality of information provided by, or on behalf of, each fund and in determining whether such information continues to be reliable or whether further review is warranted. Certain funds do not provide full transparency of their underlying holdings; however the Company obtains the audited financial statements for the fund of fund managers annually, and regularly reviews and discusses the fund performance with the fund managers to corroborate the reasonableness of the reported net asset values. While reported net asset value is the primary input to the review, when the net asset value is deemed not to be indicative of fair value, the Company may incorporate adjustments to the reported net asset value and not use the permitted practical expedient on an investment by investment basis. These adjustments may involve significant management judgment. The Company has not made any such adjustments for the year ended November 30, 2014 or 2013.

Derivative financial instruments that have quoted prices on a recognized exchange, such as futures and option contracts, are classified as Level 1. Over the counter derivative instruments such as interest rate swaps, foreign exchange forward contracts and credit default swaps, whose prices are based upon reports from counterparties of the transactions or observable market inputs, are classified as Level 2.

A review of fair value hierarchy classifications is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets and liabilities. Reclassifications between Level 1, 2 and 3 of the fair value hierarchy are reported as transfers in and/or out as of the beginning of the quarter in which the reclassifications occur.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The following tables summarize the levels of inputs used as at November 30, 2014 and 2013, in determining the classification of investment assets and liabilities held at fair value:

2014

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Level 1	Level 2	Level 3	TOTAL
ASSETS				
Short Term Investments	$ 72,215	$ 66,737	$ 192	$ 139,144
Derivatives, net	–	(1,442)	–	(1,442)
Equity Securities	88,302	–	–	88,302
US Treasury and Government Agency	64,272	403	–	64,675
State and Municipal Bonds	–	18,250	–	18,250
Non-US Government Bonds	–	125,012	–	125,012
Supranationals	–	6,951	–	6,951
Corporate Bonds	–	167,296	623	167,919
Asset-Backed Securities	–	49,616	–	49,616
Mortgage-Backed Securities	–	77,554	–	77,554
Other Investments	–	56,042	55,573	111,615
Total	$ 224,789	$ 566,419	$ 56,388	$ 847,596
LIABILITIES				
Equity Securities sold short	(19,282)	–	–	(19,282)
Total	$ (19,282)	$ –	$ –	$ (19,282)

2013

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Level 1	Level 2	Level 3	TOTAL
ASSETS				
Short Term Investments	$ 46,944	$ 36,447	$ 354	$ 83,745
Derivatives, net	–	2,898	–	2,898
Equity Securities	91,767	–	–	91,767
US Treasury and Government Agency	47,344	4,110	–	51,454
State and Municipal Bonds	–	23,032	–	23,032
Non-US Government Bonds	–	127,144	–	127,144
Supranationals	–	13,251	–	13,251
Corporate Bonds	–	172,782	709	173,491
Asset-Backed Securities	–	45,560	–	45,560
Mortgage-Backed Securities	–	94,889	–	94,889
Other Investments	–	52,016	52,929	104,945
Total	$ 186,055	$ 572,129	$ 53,992	$ 812,176
LIABILITIES				
Equity Securities sold short	(10,732)	–	–	(10,732)
Total	$ (10,732)	$ –	$ –	$ (10,732)

The following tables present the reconciliation of the beginning and ending fair value measurements of the Company's Level 3 assets, measured at fair value using significant unobservable inputs for the year ended November 30, 2014 and 2013:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Short Term Investments	Other Investments	Corporate Bonds	Asset Backed Securities	TOTAL
Beginning balance at December 1, 2013	$ 354	$ 52,929	$ 709	$–	$ 53,992
Purchases and issuances	–	1,640	–	–	1,640
Sales and settlements	(456)	(2,682)	–	–	(3,138)
Transfers into Level 3	160	–	–	–	160
Transfers out of Level 3	–	–	–	–	–
Realized and unrealized gains included in net income for the year	134	3,686	(86)	–	3,734
Ending balance at November 30, 2014	$ 192	$ 55,573	$ 623	$–	$ 56,388

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Short Term Investments	Other Investments	Corporate Bonds	Asset Backed Securities	TOTAL
Beginning balance at December 1, 2012	$ 48	$ 32,467	$ 5,646	$ 218	$ 38,379
Purchases and issuances	–	27,784	–	–	27,784
Sales and settlements	–	(6,660)	(1,278)	(68)	(8,006)
Transfers into Level 3	–	1,560	–	–	1,560
Transfers out of Level 3	–	–	(3,006)	(160)	(3,166)
Corporate Bonds to Short Term Investments classification change	421	–	(421)	–	–
Realized and unrealized gains included in net income for the year	(115)	(2,222)	(232)	10	(2,559)
Ending balance at November 30, 2013	$ 354	$ 52,929	$ 709	$–	$ 53,992

The fair value measurements of the Company's Level 3 short term and corporate bond investments were based on unadjusted third party pricing sources. Other investments are valued using the net asset values obtained from the investment managers or administrators of the respective investment funds. Certain hedge fund investments have a redemption notice period and frequency that is not considered to be in the near term; these investments are classified as Level 3 in the hierarchy. During the year ended November 30, 2014, certain short term investments were reclassified as Level 3 due to market pricing not being available at November 30, 2014. There were no other transfers in or out of Levels 1, 2 or 3 during the year ended November 30, 2014.

During the year ended November 30, 2013, the transfer into other investments Level 3 was due to the liquidation of an investment in a hedge fund. Certain corporate bonds and asset-backed securities were transferred out of Level 3 where market pricing was available at November 30, 2013. Certain Level 3 corporate bonds were reclassified as short term investments due to the proximity to maturity at the Balance Sheet date. There were no other transfers in or out of Levels 1, 2 or 3 during the year ended November 30, 2013.

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4. COMMITMENTS AND CONTINGENCIES

(a) Derivative instruments

The Company's investment guidelines permit, subject to specific approval, investment in derivative instruments such as futures and option contracts, interest rate swaps and forward foreign currency contracts. Their use is regularly monitored and they are used for yield enhancement, duration management, interest rate and foreign currency exposure management or to obtain an exposure to a particular financial market. The Company's use of derivative instruments with embedded leverage such as futures, swaps and options contracts may increase the Company's investment risk. Credit risk arises from the potential inability of counterparties to perform under the terms of the contract.

The tables below show the fair value of the Company's derivative instruments recorded in Investments in Marketable Securities and Derivatives in the Consolidated Balance Sheet as at November 30, 2014 and 2013:

	Derivative Assets 2014	Derivative Liabilities 2014
EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Fair Value	Fair Value
Interest rate swaps	$ 3,100	$ 6,923
Credit default swaps	–	14
Equity swaps	372	84
Fixed income and currency options	29	206
Forward foreign currency contracts	5,714	2,025
Equity futures	69	44
Interest rate futures	1,867	3,297
Total	$ 11,151	$ 12,593

	Derivative Assets 2013	Derivative Liabilities 2013
EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Fair Value	Fair Value
Interest rate swaps	$ 2,670	$ 1,941
Credit default swaps	–	27
Equity swaps	69	23
Fixed income and currency options	506	382
Forward foreign currency contracts	3,741	2,420
Equity futures	650	–
Interest rate futures	636	581
Total	$ 8,272	$ 5,374

The tables below show the net gains and losses on the Company's derivative instruments recorded in the net gains on investments in the Consolidated Statement of Operations during the years ended November 30, 2014 and 2013:

			2014
EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Net realized gains and (losses)	Change in unrealized gains and (losses)	Net gains and (losses)
Interest rate swaps	$ (51)	$ (4,552)	$ (4,603)
Credit default swaps	1	13	14
Equity swaps	15	242	257
Fixed income and currency options	1,626	(301)	1,325
Forward foreign currency contracts	12,462	2,368	14,830
Equity futures	970	(625)	345
Interest rate futures	(3,222)	(1,485)	(4,707)
Total	$ 11,801	$ (4,340)	$ 7,461

			2013
EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Net realized gains and (losses)	Change in unrealized gains and (losses)	Net gains and (losses)
Interest rate swaps	$ 910	$ 571	$ 1,481
Credit default swaps	(31)	(23)	(54)
Equity swaps	212	(6)	206
Fixed income and currency options	1,235	413	1,648
Forward foreign currency contracts	311	2,524	2,835
Equity futures	1,311	803	2,114
Interest rate futures	1,195	243	1,438
Total	$ 5,143	$ 4,525	$ 9,668

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(i) Foreign currency exposure management

A forward foreign currency contract is a commitment to purchase or sell a foreign currency at a future date, at a negotiated rate. The unrealized gain or loss on open forward contracts represents the Company's net equity therein and is calculated as the difference between the contract date rate and the applicable forward rate at the reporting date as reported in published sources, applied to the face amount of the contract. The unrealized gain or loss at the reporting date is included in investments in marketable securities and derivatives in the Consolidated Balance Sheet. The Company utilizes forward foreign currency contracts to manage the impact of fluctuations in foreign currencies on the value of its foreign currency denominated investments.

Forward foreign currency contracts expose the Company to credit, market and liquidity risks. The Company is exposed to market risk to the extent that adverse changes occur in the exchange rate of the underlying foreign currency. This market risk is in excess of the amounts recognized in the Consolidated Balance Sheet. Liquidity risk represents the possibility that the Company may not be able to rapidly adjust the size of its forward positions in times of high volatility and financial stress at a reasonable price. The Company's investment guidelines only permit the use of counterparties carrying a credit rating of A3 or higher by the major rating agencies.

At November 30, 2014 and 2013, the Company had the following open forward foreign currency contracts:

		2014		2013
EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	**Notional Receivable**	**Notional Payable**	Notional Receivable	Notional Payable
CURRENCY				
AUD	$ 13,894	$ (20,206)	$ 15,964	$ (28,323)
BRL	3,206	(5,788)	3,701	(4,674)
CAD	2,733	(14,862)	1,863	(13,863)
CHF	1,709	(5,162)	769	(2,349)
CNH	1,581	(3,385)	798	(807)
CNY	3,092	–	1,499	–
EUR	62,323	(143,362)	61,529	(152,974)
GBP	21,251	(50,624)	22,416	(53,220)
INR	5,163	(457)	1,274	–
JPY	16,965	(42,696)	6,765	(31,051)
MXN	5,470	(26,346)	9,011	(20,469)
MYR	4,218	(3,063)	1,373	(99)
NOK	1,031	(1,169)	4,458	(985)
NZD	5,102	(8,262)	7,897	(15,394)
PLN	1,229	(2,674)	1,205	(3,020)
SEK	1,176	(1,020)	1,072	(4,171)
TRY	2,722	(3,129)	1,609	(3,795)
USD	331,323	(148,216)	333,181	(136,846)
Other	4,048	(4,126)	6,398	(9,421)
	$ 488,236	$ (484,547)	$ 482,782	$ (481,461)

At November 30, 2014, unrealized gains of $5.7 million (2013: $3.7 million) and unrealized losses of $2.0 million (2013: $2.4 million) on forward foreign currency contracts are included in investments in marketable securities and derivatives in the Consolidated Balance Sheet.

(ii) Duration management, interest rate management and market exposure management

FUTURES

A portion of the Company's portfolio is invested in bond, note, money market, equity index and interest rate futures contracts. Such futures provide the Company with participation in market movements, determined by the underlying instrument or index on which the futures contract is based, without holding the instrument itself or individual bonds or stocks in that index. This approach allows the Company more efficient and less costly access to bond and stock market exposure than would be available by the exclusive use of individual bonds and stocks. Exchange-traded bond and note futures contracts may also be used in the investment portfolios as substitutes for ownership of the physical bonds and notes.

All financial futures contracts are held on a non-leveraged basis, fully backed at all times by short term investments and cash equivalents that are posted as margin collateral.

The unrealized gain or loss on financial futures contracts is calculated as the difference between the contract's price on the trade date and the contract's closing price on the valuation date as reported by the exchange on which the futures contracts are traded.

When entering a financial futures contract, the Company is required to provide initial margin which is a deposit of either cash or securities in an amount equal to a certain percentage of the contract value. The initial margin is adjusted to reflect changes in the value of the futures contract which are marked to market on a daily basis. The Company recognizes a realized gain or loss when the contract is closed. Futures contracts expose the Company to market and liquidity risks. The Company is exposed to market risk to the extent that adverse changes occur in the market values of the underlying securities or indices. This market risk is in excess of the amount recognized in the Consolidated Balance Sheet. Liquidity risk represents the possibility that the Company may not be able to rapidly adjust the size of its futures positions in times of high volatility and financial stress at a reasonable price. Exchange-traded futures are subject, however, to a number of safeguards to ensure that obligations are met, including the use of clearing houses, the posting of margins and the daily settlement of futures profits and losses and the amount of credit risk is therefore considered low.

At November 30, 2014 and 2013 the contractual values of financial futures contracts are:

	2014		2013	
EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	**Long**	**Short**	Long	Short
Equity index futures contracts	$ 5,219	$ –	$ 9,600	$ –
Bond and note futures contracts	206,950	(467,545)	314,118	(179,849)

The Company had gross gains of $1.9 million and gross losses of $3.3 million on open futures contracts for the year ended November 30, 2014 (2013 – gross gains $1.3 million and gross losses $0.6 million). These gains and losses are included in the Consolidated Statement of Operations. The Company holds a margin account with its futures broker for the purposes of paying and receiving cash in connection with its futures transactions. Gains and losses are settled daily in cash in this margin account.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended November 30, 2014 and 2013

SWAPS AND OPTIONS

In order to manage interest rate exposure, portfolio duration or capitalize on anticipated changes in interest rate volatility, the Company may engage in interest rate swap transactions, buy and sell call and put options and write call and put options if the options are secured by holdings in the underlying securities or by other means which would permit immediate satisfaction of the Company's obligation as a writer of the option contracts.
Swaps and Option contracts are marked to market daily with unrealized gains and losses recorded in the Consolidated Statement of Operations.

At November 30, 2014 and 2013 the fair value of open interest rate swap contracts is:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	**2014**	2013
Interest rate swaps, net	$ (3,823)	$ 729

Interest rate swap agreements involve the exchange by the Company with another party of their respective commitments to pay or receive interest (e.g. an exchange of floating rate payments for fixed rate payments) with respect to a notional amount of principal. Entering into these agreements involves, to varying degrees, elements of credit and market risk in excess of the amounts recognized in the Consolidated Balance Sheet. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform, or that there may be unfavorable changes in interest rates.

At November 30, 2014 and 2013 the fair value of open fixed income and currency option contracts is:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	**2014**	2013
Options purchased	$ 29	$ 506
Options written (liability)	(206)	(382)

Premiums received for open written options as of November 30, 2014, amounted to $0.5 million (2013: $0.3 million).

Option contracts provide the option purchaser with the right but not the obligation to buy or sell a financial instrument at a predetermined exercise price during a defined period. The option writer is obligated to buy or sell the item underlying the contract at a set price, if the option purchaser chooses to exercise the option. As a purchaser of an option contract, the Company is subject to credit risk since the counterparty is obligated to make payments under the terms of the option contract if the Company exercises the option and the Company is only subject to market risk to the extent of the premium paid. As a writer of an option contract, the Company is not subject to credit risk but is subject to market risk, since the Company is obligated to make payments under the terms of the option contract if exercised.

The Company uses credit default swaps as a way to manage credit risk to an individual issuer or a basket of issuers. When the Company buys protection, the Company pays a premium to the seller of the protection for the right to receive the par value of the bond in the event of default by the issuer, thereby reducing the Company's credit risk.

(b) Concentrations of credit risk

The investment portfolio is managed following prudent standards of diversification across counterparties, issuers, asset classes and geographical regions. Investments are allocated over three broad asset classes which are global equity, global fixed income and hedge funds. Investment guidelines are designed to limit the holdings of a single issue and issuer, control non-US dollar currency exposure and minimize sovereign risk. Fixed maturity securities held with maturities of longer than one year generally have a minimum investment rating of B3/B- or better and at least 85% (at fair value) generally have a minimum rating of Baa3/BBB- or better with average quality for the total portfolio of A2/A. The Company utilizes the lower rating as determined by Standard & Poor's and Moody's Investors Services. If a security is not rated by Standard & Poor's or Moody's Investors Services, the equivalent implied rating is utilized. Cash equivalents must carry a rating of A1/P1.

The Company's maximum permitted fixed income investment in any one institution rated BBB-/Baa3 or higher is 10% of the market value of the global fixed income portfolio with the exception of securities which are rated AA-/Aa3 or higher and issued or guaranteed by the US Treasury, US government agencies, or the Government of Canada, Japan, Australia, the United Kingdom or EMU countries of the European Union. The maximum permitted fixed income investment in any one institution rated below BBB-/Baa3 is 5% of the market value of the global fixed income portfolio. The maximum permitted equity investment in any one company, at the time of purchase, should not exceed the greater of 5% of the market value of the global equity portfolio or 150% of its weighting in the global equity benchmark index, with the latter subject to a maximum limitation of 10% of the market value of the global equity portfolio. The Company believes that there are no significant concentrations of credit risk associated with its investments in any issuer or market.

(c) Prime brokers

One large investment bank (the "Prime Broker") has been appointed as the Company's Prime Broker. At November 30, 2014, under the Customer Prime Broker Account Agreement, $22.7 million (2013: $12.1 million) of the assets of the Company are held by the Prime Broker and each of the Prime Broker's affiliated companies are subject to a general lien and a continuing first priority perfected security interest in favor of the Prime Broker and therefore constitute collateral security for the Company's obligations and liabilities to the Prime Broker. The Prime Broker has a long term credit rating of A as issued by Standard and Poor's.

(d) Use of short selling

As part of the Company's overall investment strategy it allocates certain funds to long/short portfolios that are managed using a market neutral investment strategy. The market neutral investment strategy will typically hold short equity positions in the same and/or related sectors as the strategy's long positions to limit exposure to market events and to reduce the Company's investment risk within the strategy.

(e) Assets pledged under Insurance Trusts

Certain of the Company's invested assets were held in trust and pledged in support of its reinsurance liabilities. Such pledges are largely required by the Company's operations that are "non-admitted" under U.S. state and other jurisdiction's insurance regulations, in order for the cedant to receive statutory credit for reinsurance. As at November 30, 2014, the Company had $66.7 million (2013: $15.3 million) pledged specifically under Insurance Trusts, of these amounts, $4.2 million (2013: $2.8 million) was held in cash and cash equivalents and $62.5 million (2013: $12.5 million) was held in short-term US Treasury Bills.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended November 30, 2014 and 2013

5. OUTSTANDING LOSSES AND LOSS EXPENSES

The reserve for outstanding losses and loss expenses is provided on the basis of current estimates made by the Company's claims personnel, independent actuarial consultants and legal advisors. Outstanding loss reserves comprise individual case reserves, reserves for adverse loss development on reported claims and IBNR reserves. The summary of changes in outstanding loss and loss expenses for 2014 and 2013 is as follows:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	**2014**	2013
Gross balance, beginning of year	$ 374,525	$ 429,412
Less: losses recoverable from reinsurers	(157,062)	(220,912)
Net balance, beginning of year	217,463	208,500
Loss and loss expenses incurred related to:		
Current year	103,900	105,371
Prior years	545	(37,888)
Total loss and loss expenses incurred	104,445	67,483
Paid loss and loss expenses related to:		
Current year	(3,998)	(6,614)
Prior years	(61,687)	(51,906)
Total paid loss and loss expenses	(65,685)	(58,520)
Net balance, end of year	256,223	217,463
Plus: losses recoverable from reinsurers	159,823	157,062
Gross balance, end of year	$ 416,046	$ 374,525

The 2014 current year incurred losses of $103.9 million relate to: (i) the establishment of $30.5 million of IBNR on the Company's direct insurance book of business for the 2014 underwriting year; (ii) the establishment of IBNR totaling $55.4 million on the Company's assumed reinsurance book of business for the 2014 year; (iii) case reserves totaling $17.3 million on the Company's assumed reinsurance book of business for the 2014 year; and (iv) case reserves totaling $0.7 million on the Company's direct insurance book of business for the 2014 underwriting year.

During the year ended November 30, 2014, the incurred losses for prior year claims of $0.5 million primarily relate to: (i) adverse development on prior year claims of $4.4 million on the Company's direct insurance book of business; (ii) favorable development totaling $14.1 million on the Company's assumed reinsurance book of business for prior years; and (iii) $10.2 million of loss expenses incurred over the Company's entire book of business.

The 2013 current year incurred losses of $105.4 million relate to: (i) the establishment of $31.9 million of IBNR on the Company's direct insurance book of business for the 2013 underwriting year; (ii) the establishment of IBNR totaling $53.5 million on the Company's assumed reinsurance book of business for the 2013 year; and (iii) case reserves totaling $20.0 million on the Company's assumed reinsurance book of business for the 2013 year.

During the year ended November 30, 2013, the incurred losses for prior year claims of $(37.9) million primarily relate to: (i) favorable development on prior year claims of $22.2 million on the Company's excess general liability book of business; (ii) favorable development totaling $16.8 million on the Company's assumed reinsurance book of business for prior years; and (iii) $1.1 million of loss expenses incurred over the Company's entire book of business.

The Company's reserve for losses relating to pollution liabilities has been established in accordance with generally accepted accounting principles for loss contingencies. There are significant uncertainties involved in estimating the Company's ultimate liability for pollution claims. These uncertainties include, amongst others, (i) potentially long latency periods, (ii) difficulty in establishing the commencement date of the pollution, (iii) delays in the reporting of claims, (iv) uncertainty regarding the extent of the underlying and/or other insurance coverages, which may respond before the Company and (v) the future outcome of litigation that is currently in process and the potential that exists for punitive and compensatory awards. To assist in determining this reserve, management has obtained the advice of independent actuaries who annually establish an estimate of the Company's ultimate pollution claims liabilities based on actuarially accepted modeling techniques. Because of the variability and uncertainty inherent in the pollution claim evaluation, reserving and settlement processes, the reserve established by the Company represents management's best estimate at the balance sheet date based on current information but such claims may ultimately settle for a significantly greater or lesser amount. Such adjustments to reserves could be material to the Company.

6.LOAN PAYABLE

(a) Deferrable subordinated debentures

On September 15, 2004 the Company issued $200,000,000 of Deferrable Subordinated Debentures (the "Debentures"). These debentures have a final maturity date of September 15, 2034 and can be redeemed in whole prior to September 15, 2034 at the option of the Company. The Debentures bear interest at an annual fixed rate of 8.0% payable semi-annually in arrears on March 15 and September 15. The Debentures are unconditionally guaranteed by OCICL.

During the year ended November 30, 2014, the Company repurchased and retired a portion of the Deferrable Subordinated Debentures with a par value of $Nil (2013 - $1.9 million). During prior years, the Company had repurchased and retired a portion of the Deferrable Subordinated Debentures with a par value of $49.7 million.

(b) Credit facility

Effective July 24, 2009, the Company entered into a Credit Facility ("Credit Facility") with The Bank of New York Mellon ("BNY Mellon"). Under the terms of the agreement, the Company may borrow up to $75 million from BNY Mellon. The Company renewed the Credit Facility on August 18, 2010 and August 16, 2011. The Credit Facility was scheduled to mature on August 16, 2014. Effective August 16, 2014, the Company entered into an Amendment to extend the Credit Facility through the period August 16, 2017. At the option of the Company, any borrowings under the agreement bear interest at a rate per annum equal to either: (1) the greater of BNY Mellon's prime

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended November 30, 2014 and 2013

commercial lending rate or 0.50% plus the federal funds rate (as published by the Federal Reserve Bank of New York); or (2) 1.35% plus LIBOR for interest periods of 1, 2 or 3 months. Under the terms of the agreement, the Company must secure the payment and performance of its obligations to BNY Mellon by pledging a portion of the investments held in OCICL's investment portfolio. At November 30, 2014, the facility has not been utilized and the fair value of the investments pledged to collateralize the Company's obligation totaled $Nil (2013: $Nil).

(c) Debt issuance costs

At November 30, 2014, the Company recognized deferred debt issuance costs of $2.6 million (2013: $2.7 million) which are included in other assets, relating to the Debentures. The amount of amortization of debt issuance costs for the year of $0.1 million (2013: $0.1 million) is included within interest expense.

7. COMMON SHARES

The Company's authorized share capital is $2,500,000 divided into 500 common shares of par value $5,000 each. At November 30, 2014, 55 (2013: 55) shares had been issued and fully paid.

If a shareholder's insurance policies are cancelled or terminated the Company has a contractual obligation to repurchase its common share at the par value price of $5,000 per share.

Each shareholder has one vote for each paid up common share together with an additional vote for each $5,000 of cumulative premium as defined in the shareholders' agreement, subject to a maximum of 9.5% of total voting rights. The shareholders' agreement provides for the distribution of dividends, as and when declared by the Company's directors, and distribution of the Company's net assets upon dissolution in the same proportion as the voting rights, excluding the 9.5% limitation.

8. RELATED PARTY TRANSACTIONS

(a) General and administrative expenses represent direct expenditures incurred by the Company and expenses which have been allocated from Oil Management Services Ltd., a company affiliated through common ownership and which provides administrative support services to the Company.

(b) Amounts due from and to companies affiliated through common ownership are unsecured, interest free and repayable on demand. These balances result from transactions conducted in the normal course of business.

9. REINSURANCE

The Company purchases reinsurance when it is available on reasonable terms and conditions. Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company. The Company remains liable to the extent that its reinsurers do not meet their obligations under these agreements and the Company therefore regularly evaluates the financial condition of its reinsurers and monitors any concentration of credit risk. In order to reduce its credit risk, the Company seeks to do business with financially sound reinsurance companies and regularly reviews the financial strength of all reinsurers used. The current reinsurance programs have been placed with reinsurers with a financial rating of A- or better per Standard & Poor's or A.M. Best. Management perform periodic reviews of reinsurance recoverables and accordingly, provisions are made for amounts identified as potentially uncollectible.

10. TAXATION

Under current Bermuda law, the Company is not obligated to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda pursuant to the provisions of the Exempted Undertakings Tax Protection Act 1966 (the "Act") which exempts the Company from any such taxes, at least until March 31, 2035.

For the years ended November 30, 2014 and 2013, the Company did not record any unrecognized tax benefits or expenses. The Company has not recorded any interest or penalties during the years ended November 30, 2014 and 2013.

11. REGULATION

The Company is required by its license to maintain capital and surplus greater than a minimum statutory amount determined as the greater of a percentage of outstanding losses or a given fraction of net written premiums. Beginning January 1, 2014, the minimum solvency margin is also subject to a minimum of 25% of the enhanced capital requirement ("ECR") of the Bermuda Solvency Capital Requirement model ("BSCR").

The following tables present the reconciliation of the Company's U.S. GAAP shareholders' equity to statutory capital and surplus, and the corresponding minimum capital adequacy levels as at November 30, 2014 and 2013:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	**2014**	2013
U.S. GAAP Shareholders' Equity	$ 532,701	$ 529,094
Plus: Loan Payable	148,400	148,400
Less: Non-admitted assets	(14,588)	(10,942)
Statutory Capital and Surplus	$ 666,513	$ 666,552
Minimum required statutory capital and Surplus	$ 38,433	$ 32,619

Non-admitted assets for statutory purposes include deferred acquisition costs and prepaid assets.

The Company is also required to maintain a minimum liquidity ratio whereby the value of its relevant assets is not less than 75% of the amounts of its relevant liabilities. At November 30, 2014 the Company is required to maintain relevant assets of at least $280.5 million. At that date relevant assets are approximately $1,040.6 million and the minimum liquidity ratio is therefore met.

As a Class 3B insurer the Company has disclosure and regulatory compliance reporting obligations along with an enhanced capital requirement. The BSCR is a standardized statutory risk-based capital model used to measure the risk associated with the Company's assets, liabilities and premiums. The BSCR determines an enhanced capital requirement and target capital level (defined as 120% of the enhanced capital requirement) for Class 3B insurers. Failure to maintain statutory capital and surplus at least equal to the target capital level could result in increased regulatory oversight by the Authority. The eligible capital rules require the Company to allocate its capital into three defined tiers based upon qualifying criteria and stipulates the maximum and minimum amounts of eligible capital in each tier that may be used to satisfy its minimum solvency margin and it's ECR. As of November 30, 2014, the Company met the capital requirements of the BSCR.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended November 30, 2014 and 2013

12.SEGMENTAL INFORMATION

The Company operates in two segments; insurance and assumed reinsurance. The insurance business written represents Excess General Liability ("GL") and Property risks of its shareholders and policyholders. The shareholders and policyholders comprise companies operating in the energy industry. The assumed reinsurance business written mainly represents commercial property and casualty risks of ceding companies that provide such insurance primarily to energy companies.

The following table summarizes the underwriting results of our operating segments for the year ended November 30, 2014 and 2013 as follows:

			2014
EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Insurance	Assumed Reinsurance	Total
Premiums Written	$ 62,002	$ 112,232	$ 174,234
Premiums Earned	64,531	95,362	159,893
Net Premiums Earned	29,248	83,799	113,047
Losses and loss expenses incurred, net of reinsurance	(45,832)	(58,613)	(104,445)
Commission and brokerage fees, net	(2,094)	(14,312)	(16,406)
Net underwriting income	$ (18,678)	$ 10,874	$(7,804)

			2013
EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Insurance	Assumed Reinsurance	Total
Premiums Written	$ 66,078	$ 86,642	$ 152,720
Premiums Earned	60,879	84,517	145,396
Net Premiums Earned	29,947	77,324	107,271
Losses and loss expenses incurred, net of reinsurance	(10,744)	(56,739)	(67,483)
Commission and brokerage fees, net	(1,812)	(12,698)	(14,510)
Net underwriting income	$ 17,391	$ 7,887	$ 25,278

13.COMPARATIVE INFORMATION

Certain balances in the 2013 financial statements have been reclassified to conform to the 2014 consolidated financial statement presentation.

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 26, 2015, which is the date the financial statements were issued.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS'

We have audited the accompanying consolidated financial statements of Oil Casualty Insurance, Ltd. and its subsidiary, which comprise the consolidated balance sheets as of November 30, 2014 and 2013, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Oil Casualty Insurance, Ltd. and its subsidiary as of November 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG Audit Limited

Chartered Professional Accountants

Hamilton, Bermuda
February 26, 2015

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

We, Robert D. Stauffer, Chief Executive Officer, and Ricky E. Lines, Senior Vice President, Chief Financial Officer of Oil Casualty Insurance, Ltd. (the "Company"), certify that we have reviewed this annual report of Oil Casualty Insurance, Ltd. and based on our knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact. Based on our knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report. We are responsible for establishing and maintaining disclosure controls and procedures and we have: designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within the Company; evaluated the effectiveness of the Company's disclosure controls and procedures; and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation. We have disclosed, based on our most recent evaluation, to our auditors and the audit committee of our Board of Directors, that there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data; and have confirmed to our auditors that there are no material weaknesses in internal controls or any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls. We also confirm that there are no significant changes in internal controls, or in other factors that could significantly affect internal controls, subsequent to the date of our most recent evaluation.

R. D. Stauffer

Robert D. Stauffer
President and Chief Executive Officer

Ricky E.

Ricky E. Lines
Senior Vice President
and Chief Financial Officer

SHAREHOLDERS*

American Electric Power Company, Inc.
Air Products and Chemicals, Inc.
Anadarko Petroleum Corporation
Apache Corporation
Ashland Inc.
Atmos Energy Corporation
BG Group plc
(BG Insurance Company (Singapore) Pte Limited)
BHP Billiton Limited
Borealis AG
(Borealis Insurance A/S)
CEPSA Group
(Teide Re, S.A.)
Chesapeake Energy Corporation
Chevron Corporation
Chevron Phillips Chemical Company LLC
ConocoPhillips Company
(Sooner Insurance Company)
Consolidated Edison, Inc.
Delek U.S. Holdings, Inc.
The Dow Chemical Company
(Dorintal Reinsurance Limited)
Eastman Chemical Company
Energy Future Holdings Corp.
Energy Transfer Partners, L.P.
ENI S.p.A.
(ENI Insurance Limited)
Enterprise Products Company
Exxon Mobil Corporation
Hess Corporation
(Jamestown Insurance Company Limited)
Husky Energy Inc.
Loop LLC
LyondellBasell Industries N.V.
(Lyondell Chemical Company)
Maersk Olie og Gas AS

* THESE ENERGY COMPANIES OR THEIR INSURANCE AFFILIATES (INDICATED IN BRACKETS) WERE SHAREHOLDERS AT NOVEMBER 30, 2014.

SHAREHOLDERS*

Marathon Oil Corporation
Motiva Enterprises LLC
Murphy Oil Corporation
National Fuel Gas Company
Nexen Inc.
NextEra Energy, Inc.
NiSource Inc.
NOVA Chemicals Corporation
(Novalta Insurance Ltd.)
Occidental Petroleum Corporation
(Opcal Insurance Inc.)
Ontario Power Generation Inc.
PG&E Corporation
Repsol YPF
(Greenstone Assurance Ltd.)
Santos Ltd.
(Sanro Insurance Pte Ltd.)
Sasol Limited
(Sasol International Insurance Limited)
Sempra Energy
Spectra Energy Corp
Statoil ASA
Suncor Energy Inc.
Talisman Energy Inc.
(Oleum Insurance Company Limited)
Teck Resources Limited
Tesoro Corporation
TOTAL S.A.
(Omnium Insurance and Reinsurance Company Ltd.)
Valero Energy Corporation
(Colonnade Vermont Insurance Company)
WGL Holdings, Inc.
The Williams Companies, Inc.

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Chairman
Senior Vice President - Business Risk Management, Valero Energy Corporation

James F. Hughes III

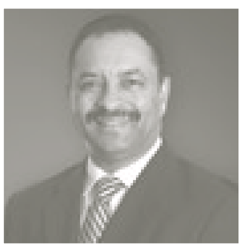
Corporate Insurance Manager - ConocoPhillips Company

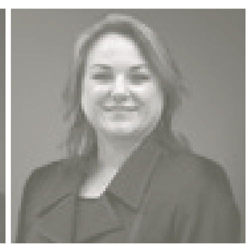
Anne Chalmers

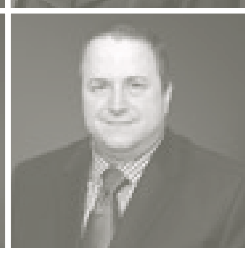
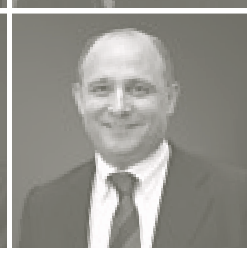
Vice President - Risk & Security, Teck Resources Limited

John W. Dumas

Vice President - Corporate Insurance, Murphy Oil Corporation





Trygve Imsland

Vice President - Insurance, Statoil ASA

Andre Levey

Group Insurance - Manager, Santos Ltd.

Fabrizio Mastrantonio

Senior Vice President - Insurance Activities Management, Eni S.P.A.

Gerard R. Naisse

Vice President -
Risk Management
& Insurance,
Total S.A.

Peter Roueche

Director -
Enterprise Risk
& Insurance,
Eastman Chemical
Company

Robert D. Stauffer

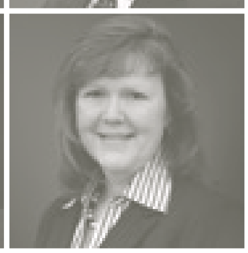
President & CEO -
Oil Casualty
Insurance, Ltd.

Robert C. Gordan

Assistant Treasurer -
Insurance Division,
Chevron Corporation






Stephen J. Foster

Assistant Treasurer -
Risk Management,
Anadarko Petroleum
Corporation

Pamela F. Mihovil

Insurance Manager -
Marathon Oil
Corporation

John P. Talarico

Director -
Corporate Insurance,
Hess Corporation

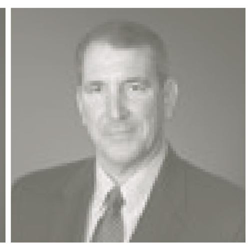
EXECUTIVE STAFF

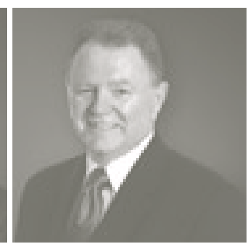
Robert D. Stauffer
President & Chief Executive Officer

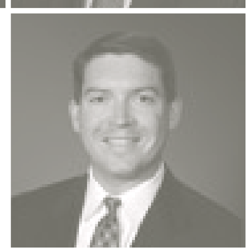
Jerry Rivers
Senior Vice President & Chief Operating Officer

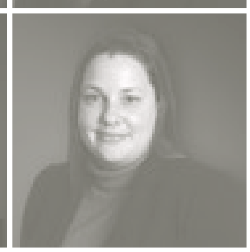
Ricky E. Lines
Senior Vice President & Chief Financial Officer

Ted Henke
Senior Vice President General Counsel & Secretary









Rob Foskey
Senior Vice President & Chief Actuary

Marlene J. Cechini
Controller & Assistant Secretary

UNDERWRITING TEAM

Graham Kirk
Senior Liability Underwriter/ Team Leader

Rolf Fischer
Senior Property Underwriter

Gina Butterfield
Senior Liability Underwriter

Raymanda Smith
Senior Liability Underwriter

Margaret Jones
Liability Underwriter

Duncan Frith
Assistant Liability Underwriter

Beverly Adams
Assistant Property Underwriter

Wanda Mello
Reinsurance Analyst

Tom Rego
Underwriting Assistant

Kathy Dowling
Executive Assistant

CLAIMS TEAM

Jill
Burns-Leman

Senior Claims Analyst

Jennifer
Thomas

Claims Analyst

Franzetta
Parker

Claims Assistant

COMMITTEES OF THE BOARD

Oil Casualty Insurance, Ltd.

EXECUTIVE

Theodore Guidry II
James F. Hughes III
Andre Levey
Robert D. Stauffer

AUDIT

Theodore Guidry II
James D. Lyness (Chairman)
Fabrizio Mastrantonio

GOVERNANCE

Anne Chalmers
Peter Roueche

COMPENSATION

Theodore Guidry II
James F. Hughes III

EXTERNAL SERVICE PROVIDERS & CONSULTANTS

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Ralph J. Egizi
Chairman
Director, Benefits
Finance & Investments (Retired)
Eastman Chemical Company

Ricky E. Lines
Senior Vice President,
Chief Financial Officer
Oil Casualty Insurance, Ltd.

Paul C. Reinbolt
Chief Financial Officer &
Executive Vice President (Retired)
Hyperdynamics Corporation

Robert D. Stauffer
President &
Chief Executive Officer
Oil Casualty Insurance, Ltd.

Tron Vormeland
Vice President,
Corporate Financing
Statoil ASA

OFFICERS

Ricky E. Lines
President & Treasurer

Marlene J. Cechini
Controller & Assistant Secretary

Andrew Rossiter
Vice President & Director of Investments

Ted Henke
General Counsel & Secretary

ANNUAL REPORT 2014

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