OIL CASUALTY INSURANCE, LTD.

ANNUAL REPORT | 2015

BALANCE
DIVERSITY
OPPORTUNITY
DIRECTION

EXECUTING ON THE INITIATIVES OF OUR STRATEGIC PLAN HAS STRENGTHENED OUR ABILITY TO RESPOND TO THE CHANGING ENERGY AND INSURANCE ENVIRONMENTS.

CONTENTS

DIVERSIFYING INTO ADDITIONAL LINES OF INSURANCE HAS GIVEN US THE OPPORTUNITY TO BALANCE OUR BOOK OF BUSINESS AND STRENGTHEN OUR POSITION MOVING FORWARD.

PRESIDENT'S MESSAGE

It is with great pleasure that I present my first message as President and Chief Executive Officer of Oil Casualty Insurance, Ltd. It is very clear that I have joined a company with both a strong foundation and a clear vision for the future. The ground work that has been laid by the Board of Directors, my predecessor and the staff is now starting to bear fruit with a number of record accomplishments in 2015. But before commenting on specifics, let me first express my appreciation to Bob Stauffer for his hard work and dedication to the Company as the President & Chief Executive Officer since 2005 and as a board member since the Company's inception three decades ago. OCIL has indeed come a long way since and Bob's steady hand in guiding the enterprise through challenges ranging from man-made and natural disasters to the transformation from a mono-line liability insurer to a diversified specialty insurer, has been critical. I thank Bob for his service and wish him and his family well during his much deserved retirement.

This past year saw OCIL reach two significant milestones in the Company's history. Firstly, OCIL reported audited record Shareholders' Equity of $537 million; a solid capital base to support our strategic initiatives. Secondly, as of November 30, 2015, OCIL reached a record number of 153 insureds, an indication of the growing breadth of our policyholder base. In addition, underwriting income returned to positive territory while an improved loss ratio helped to bring down OCIL's combined ratio to 84%. As detailed further in this report, the investment markets were very challenging in 2015 and had a dampening effect on overall results. However, the solid underwriting results still delivered growth in net income year over year.

These results are evidence of the execution of the company's strategic plan – built on expansion and diversification, a strategy designed to ensure OCIL's long term viability and capital adequacy, while maintaining focus on our core constituency within the energy industry.

To facilitate this transition, the Board of Directors and the shareholders approved two key resolutions at the 2015 AGM. The first resolution eliminated the Shareholders' Agreement and incorporated its governing principles into the Bye-laws. This change created a more traditional corporate structure. The second resolution granted approval for underwriting beyond energy risks.

Today there are few companies better positioned to recognize and address the risk management issues prevalent to insureds in our target industries. Since its founding in 1986, OCIL has been focused on providing high quality insurance to some of the toughest industry classes. OCIL has provided billions of dollars in insurance coverage while paying out more than $900 million in claims.

OCIL today represents balance, diversity and direction. Through diversification into lines largely uncorrelated to the signature excess casualty line, OCIL is balancing its book of business with clear evidence of success shown in underwriting results and capital improvements. The direction is clear and we will continue to execute on the strategic plan as set by the Board of Directors with a mission to provide competitive insurance products, stable and reliable coverage while employing fair underwriting and claims practices. Likewise, OCIL is committed to continue to deliver outstanding service and long-term value to its shareholders and insureds.

While there is a clear direction, the world around us presents unique challenges. The competition in the insurance markets is intense due to the absence of significant losses and the influx of capital. Adding to a challenging underwriting environment, OCIL also faces uncertainties from a changing investment market. At the same time, the low commodity price environment has hit many of OCIL's insureds particularly hard.

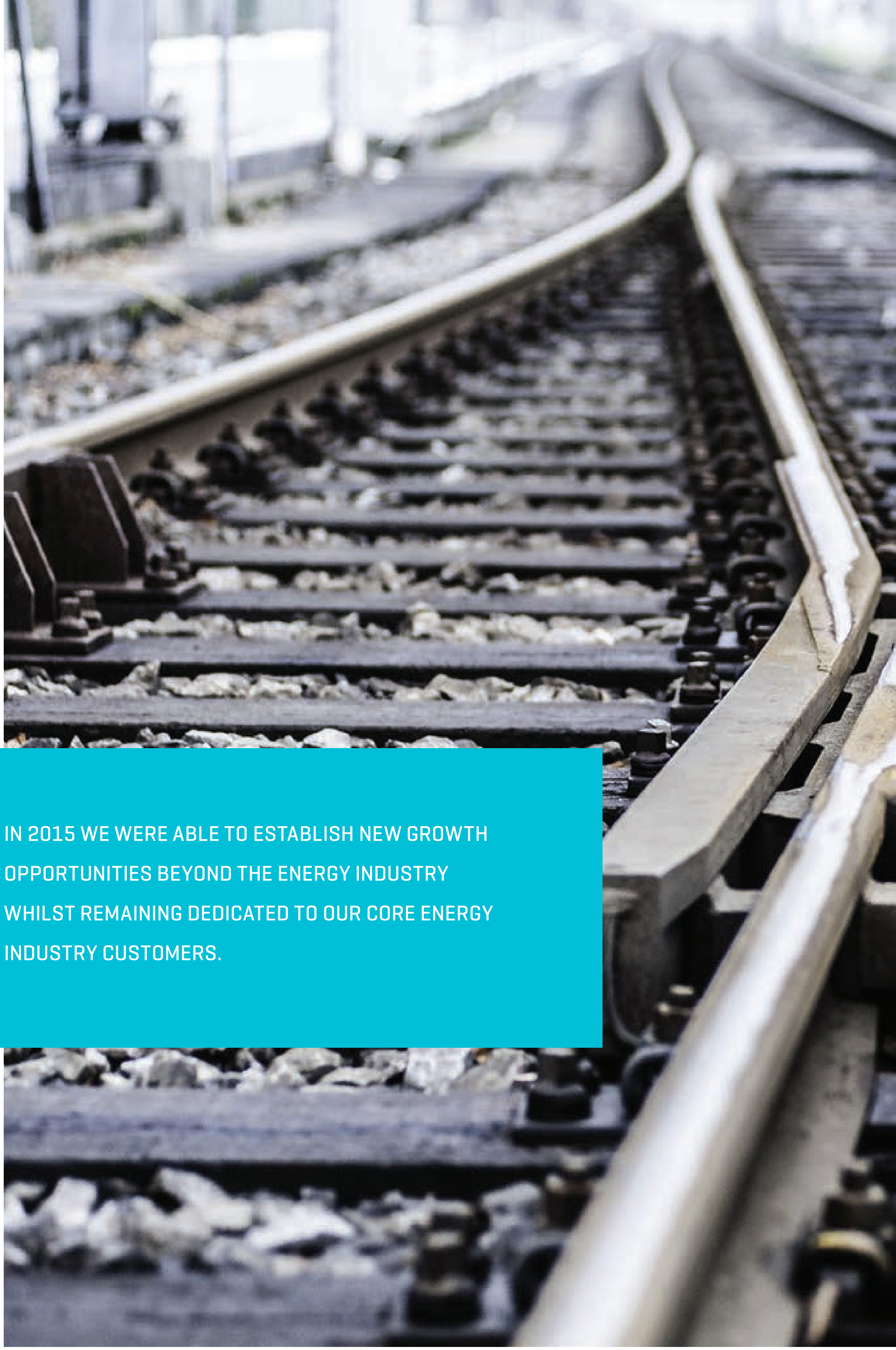
In the face of these challenges, OCIL will continue to adapt and change to remain positioned as the carrier of choice for current and future insureds. The expanded underwriting authority will help ensure that OCIL can take advantage of opportunities to maintain a balanced and diverse book throughout the current cycle.

As OCIL grows, it is imperative that its own risk be managed commensurate with that growth. Enterprise Risk Management is a key foundation of the operating principles and in 2015 OCIL updated and strengthened its ERM program under the leadership of its senior management. Similarly, implementing technology necessary to allow the monitoring of exposure on a per-risk and aggregate basis and manage limit correlation across the different lines of business is critical. Data management, reporting, analytics to spot emerging trends and the measurement of risk accumulation are all key elements of OCIL's ERM framework.

Since joining OCIL in October 2015, I have been continuously impressed by the professionalism and dedication of the OCIL staff. Exceptional service paired with in-depth industry knowledge is one of the defining characteristics of our Company and is only achieved through the dedication, experience and industry expertise of our many talented Bermuda based colleagues. I would like to acknowledge the dedication and hard work of OCIL's management team and staff and thank them for their contributions during the year.

As we now embark on our 30th year in business I wish to express my sincere appreciation to the Board of Directors for their leadership and guidance and to our shareholders and policyholders for their continued support. Looking forward, OCIL is well positioned to respond to the challenges ahead as a diversified, well capitalized specialty insurer with a great legacy and a clear direction for the future.

Bertil C. Olsson
President and Chief Executive Officer



IN 2015 WE WERE ABLE TO ESTABLISH NEW GROWTH OPPORTUNITIES BEYOND THE ENERGY INDUSTRY WHILST REMAINING DEDICATED TO OUR CORE ENERGY INDUSTRY CUSTOMERS.

OPERATIONS REVIEW

It seemed as though 2015 was fraught with volatility in financial markets, commodity prices, politics, global economies, (re)insurance market pricing, etc. Through it all, OCIL stayed the course in advancing its strategic plan initiatives. The theme of this years' annual report includes words such as "balance", "diversity", "opportunity", and "direction", all of which factor into OCIL's strategic objectives.

The key components of OCIL's strategic plan include optimizing existing products within the excess liability, excess property and assumed reinsurance divisions; expanding the customer base (both energy and non-energy) and diversifying into new product lines. I am happy to report that advances were made in each of these areas in 2015.

Optimizing Existing Operations:
To meet the needs of energy customers OCIL underwriters now have greater flexibility. Limits can be applied below $50 million, occurrence policy forms are being underwritten, and maximum limits for property insurance have been increased to $50 million.

Expanded Customer Base:
During 2015, shareholders approved underwriting beyond energy company risks while continuing to limit shareholder eligibility to energy companies as defined in the Company's bye-laws. Expansion into other industries will enable OCIL to become more diversified and balanced in the risks underwritten; thereby reducing volatility and creating greater opportunity to grow our customer base. The diversification into other industries began in October of 2015 in a measured manner after investors in the Deferrable Subordinated Debentures due September 15, 2034 consented to covenant amendments within the indenture agreement.

New Product Lines:
The Company's Board of Directors approved the underwriting of additional lines of insurance including directors and officers liability, fiduciary liability, employment practices liability, marine liability, hull and cargo, cyber insurance and transactional liability insurance. Due to the specialized underwriting and claims handling expertise required for some of these coverages, currently OCIL plans to rely on ceding companies and/or managing agencies that have the expertise necessary to generate a profitable return to OCIL over the longer term.

Direct Insurance Operations:
The Direct Insurance segment consists of direct insurance and facultative reinsurance underwriting. The Company underwrites various forms of property and casualty lines of insurance. 2015 was a challenging year for the insurance underwriting department. Many of our mining and energy company clients were negatively affected by the decline in commodity prices which resulted in a wave of consolidations, asset sales, profit declines, and less insurance limits being purchased. Fortunately, due to the loyalty and support of our insureds and their advisors, the liability insurance operations managed to end the year with one more in-force policy as compared to the prior fiscal year while the property operations grew to a record high of 63 in-force policies at 2015 fiscal year-end.

As challenging as the environment was, the Company's direct insurance segment produced a Net Underwriting Income of $11 million during fiscal year 2015 compared to a Net Underwriting Loss of $18.7 million in 2014.

Assumed Reinsurance Operations:
The Company commenced underwriting reinsurance business in 2009. It has since grown to become the largest segment in terms of gross written and earned premium. Gross Earned Premium for the assumed reinsurance book was $92.9 million for fiscal year ending November 30, 2015; slightly lower than the $95.4 million earned in the comparative 2014 period. The objective of our reinsurance business is twofold. Firstly, OCIL gains access to business that it typically would not see as a result of its singular Bermuda underwriting platform. Secondly, it enables OCIL to gain access to underwriting expertise that we simply do not possess at this stage in our development.

Although the reinsurance market has experienced a softening trend in 2015 which is expected to persist for at least the near term, we have been able to retain a majority of our contracts during the 2015 fiscal year due to quality relationships with our business partners.

The Assumed Reinsurance segment generated Net Underwriting Income of $24.1 million in 2015; an increase of $13.2 million over 2014 Net Underwriting Income of $10.9 million.

Financial Results:

For the year ended November 30, 2015, OCIL reported net income of $4.7 million, a $1.1 million increase over net income reported for the 2014 comparative period. OCIL's Shareholders' Equity finished at an all-time high of $537 million.

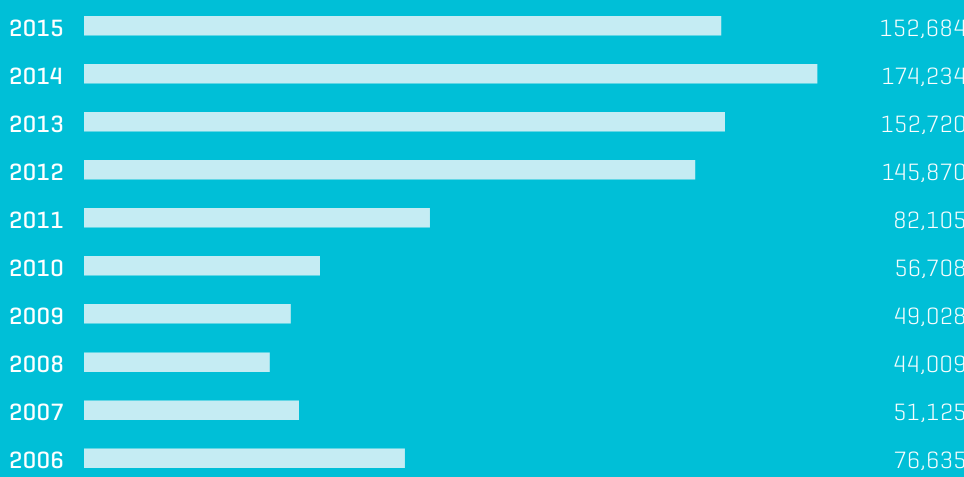
Concluding Remarks:

OCIL's venture into underwriting new industries is predicated upon a measured approach using sound underwriting practices. Industry diversification is meant to dampen volatility in the Company's financial results while minimizing correlation of underwriting losses among insureds. It also counterbalances the heavy exposure to systemic risk that may permeate a homogeneous energy sector. To effectively execute on the diversification strategy, new skill sets and relationships will be needed. We have made great progress in this regard and expect that, as the next few years unfold, that our strategic objectives will be met.

I wish to recognize and thank Bob Stauffer for his contributions over the past ten years. Bob and I both joined the management team in 2005. Looking back, much has been accomplished in enhancing OCIL's business model; including accepting non-shareholder insureds (2008), developing an assumed reinsurance segment (2009), underwriting direct property insurance (2012) and diversifying into industries beyond energy (2015). I also wish to thank our Directors, shareholders, non-shareholder insureds, reinsurance partners and brokers for supporting the Company. Finally, I wish to thank the wonderful team that works with passion and energy on behalf of OCIL to execute on our strategy initiatives and provide exceptional service to our stakeholders.

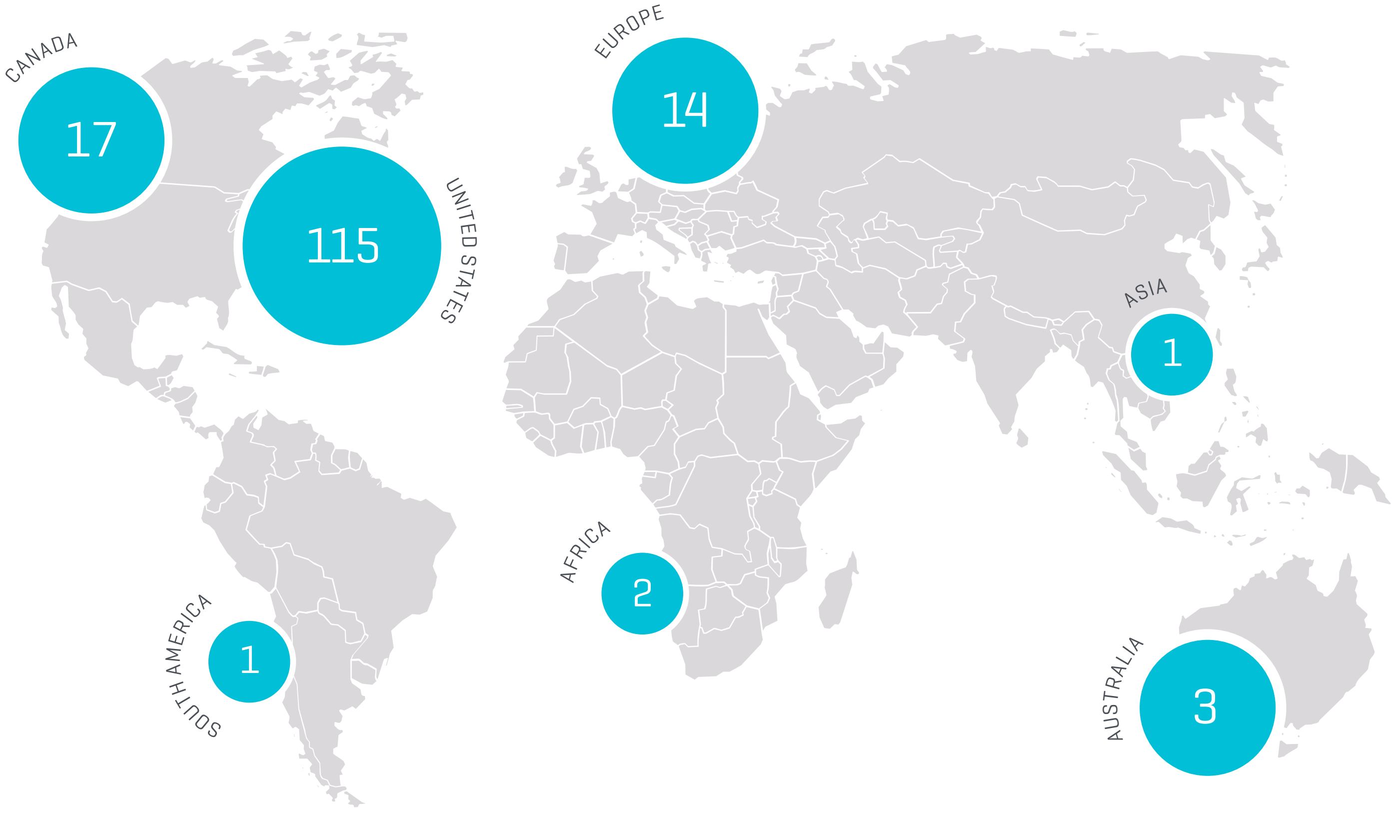
Jerry Rivers
Senior Vice President and Chief Operating Officer

GROSS WRITTEN PREMIUMS

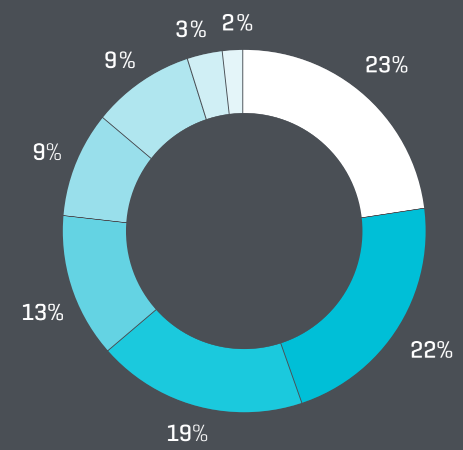


EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS AS OF NOVEMBER 30 OF EACH YEAR

INSURED S* GEOGRAPHY



*INCLUDES PROPERTY AND LIABILITY INSUREDS, NOT POLICIES WRITTEN



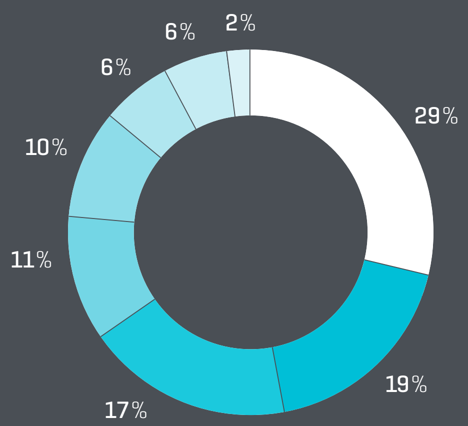
LIABILITY

Industry Segment [Percent of total insureds]

Utility	23%	Integrated Oil	9%
Exploration & Production	22%	Petrochemical/ Chemical	9%
Pipeline	19%	Mining	3%
Refining & Marketing	13%	Other	2%

New Business [Number of insureds]*

Pipeline	4	Exploration & Production	1
Utility	3		



PROPERTY

Industry Segment [Percent of total insureds]

Mining	29%	Exploration & Production	10%
Refining & Marketing	19%	Utility	6%
Petrochemicals	17%	Other	6%
Pipelines	11%	Integrated Oil	2%

New Business [Number of insureds]*

Refining & Marketing	4	Utility	3
Petrochemical/ Chemical	3	Mining	1
Pipeline	3	Exploration & Production	1
Integrated Oil	3	Other	1

*WRITTEN IN THE FISCAL YEAR ENDING NOVEMBER 30, 2015

THE SUPPORT FROM OUR SHAREHOLDERS HAS REINFORCED OUR DIRECTION AS WE EXPAND ON NEW GROWTH OPPORTUNITIES.

INVESTMENT REVIEW

As one can construe after reading Jerry's operations report, 2015 was an exceptional year for OCIL. Not only did the Company end the year with record shareholder's equity of $537 million, management was effective in laying the ground work necessary to allow OCIL to commence with the implementation of its strategic plan developed in 2014. Starting in March, management gained the support of our shareholders to allow OCIL to make the necessary changes to its governing documents in order to diversify its insurance premium writings to non-energy companies. This, however, was contingent upon the majority of our subordinated debt investors also agreeing to various covenant changes in order for OCIL to execute its strategic plan. After a series of "road-shows" highlighting the need to diversify our insurance writings to include non-energy companies together with the need to eliminate our shareholder agreement, OCIL also gained the support of a majority of our investor base in September. The key to gaining this support from both our shareholders and investors was the value of diversifying the risk beyond the energy sector. Also, and as we have demonstrated in the past, management conveyed to both parties that our strategic initiatives will be implemented in a measured manner.

In some respects, what we achieved at the underwriting level, lends itself well as to how we manage OCIL's invested assets. The 2015 investment environment was extremely challenging and an early indication is for 2016 to be much of the same. 2015 got off to a good start with many global markets reaching record highs in April only to sell off dramatically in August, led by sharp declines in Chinese share prices. Economic growth was the weakest since the 2008 financial crisis and in November, the Organization for Economic Co-operation and Development lowered its 2015 world growth estimate downward from 3.0% to 2.9%, well below the historical average of 3.6% per year. Oil prices continued their dramatic slide in 2015, falling some 30% from year-end 2014. Also during 2015, the Federal Reserve Bank, the European Central Bank and the Bank of England implemented different monetary paths as a result of diverging economies, the first time since the euro's launch in 1999. In December, the Federal Reserve raised its benchmark rate by a quarter point, the first rate hike since 2006.

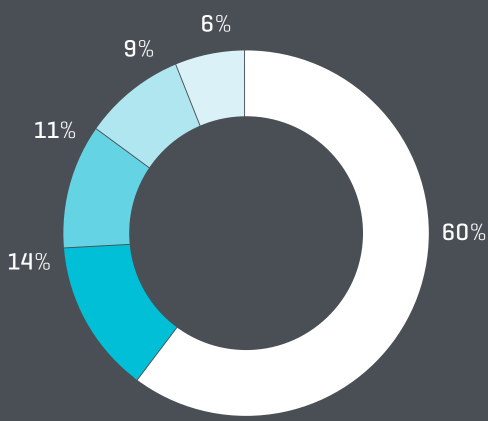
Against this backdrop, OCIL's invested assets held up quite well. Our continued objective of providing adequate liquidity to meet OCIL's claim paying obligations, while seeking to preserve and enhance the value of OCIL's invested assets was achieved. OCIL's return on its total invested assets for the year was relatively flat, commendable given the high level of volatility experienced throughout 2015. While net investment income was negative $13.6 million, the majority of that decrease was attributable to interest expense incurred on OCIL's outstanding subordinated debt. At year end, OCIL's asset allocations were 60% Global Bonds, 14% Global Equities, 11% Funds of Hedge Funds, 9% Bonds held in Insurance Trusts and 6% Cash.

As with underwriting, diversification remained central to our investment efforts in 2015. As indicated above, Global Bonds represent the largest component of OCIL's investment portfolio and our Board of Directors sought to ensure that this portion of the portfolio was well positioned from an overall allocation weight, duration and sector diversification standpoint. Following thorough analysis and discussion with our Investment Board, it was determined that the current allocation met our objectives and thus no changes were made. Separately, within the Global Equity portfolio, assets were transitioned from a quantitative value-oriented manager to a fundamental growth-oriented manager, enhancing manager style diversification.

OCIL's liquidity and cash flow is constantly monitored. The Company maintains a $75 million secured credit facility with Bank of New York Mellon which remains undrawn upon and the investment portfolio remains highly liquid.

In closing, I would like to thank both the OCIL Board and the OCICL Board for their continued guidance and dedication throughout 2015. To my OCIL colleagues, thank you. Your hard work and dedication has placed OCIL in a great position to execute on its strategic objectives in 2016 and beyond.

Ricky E. Lines
Senior Vice President and Chief Financial Officer



ASSET ALLOCATION

Global Bonds	60%
Global Equity	14%
Funds of Hedge Funds	11%
Bonds Held in Trust	9%
Cash	6%

STRATEGIC PORTFOLIO RETURN*

TOTAL PORTFOLIO RETURN**

FISCAL YEAR ENDED NOVEMBER 30, 2015

* PORTFOLIO RETURNS EXCLUDE CASH AND BONDS IN TRUST

** PORTFOLIO RETURNS INCLUDE CASH AND BONDS IN TRUST

TEN-YEAR FINANCIAL HISTORY

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
PREMIUM										
Gross Written Premium	152,684	174,234	152,720	145,870	82,105	56,708	49,028	44,009	51,125	76,635
Earned Premium	155,459	159,893	145,396	111,924	64,919	49,690	45,073	46,048	61,651	78,433
FINANCIAL CONDITION										
Net Income/(Loss)	4,748	3,607	39,648	28,359	29,614	(19,287)	124,616	(160,270)	59,554	531
Total Assets	1,320,364	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
Shareholders Equity	537,464	532,701	529,094	489,471	461,117	431,503	450,785	326,174	486,469	426,965
LOSS AND LOSS EXPENSES										
Gross Losses and Loss Expenses	63,021	132,781	17,884	137,316	21,642	(9,405)	(2,707)	81,698	(7,555)	182,679
Reinsurance Recovery	5,744	28,336	(49,599)	36,733	21,449	(88,705)	-	92,300	-	127,400
Net-Losses and Loss Expense	57,277	104,445	67,483	100,583	193	79,300	(2,707)	(10,602)	(7,555)	55,279

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS AS OF NOVEMBER 30 OF EACH YEAR

SUMMARY OF

TOTAL ASSETS*

2015	1,320,364
2014	1,322,813
2013	1,247,559
2012	1,231,870
2011	1,082,263
2010	960,328
2009	1,065,147
2008	1,261,400
2007	1,344,747
2006	1,384,894

SUMMARY OF

SHAREHOLDERS' EQUITY*

2015	537,464
2014	532,701
2013	529,094
2012	489,471
2011	461,117
2010	431,503
2009	450,785
2008	326,174
2007	486,469
2006	426,965

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS AS OF NOVEMBER 30 OF EACH YEAR

REDUCING CORRELATION EXPOSURE ACROSS OUR BOOK OF BUSINESS HAS BEEN AN IMPORTANT COMPONENT OF OCIL'S ERM FRAMEWORK.

CONSOLIDATED BALANCE SHEETS

Years Ended November 30, 2015 and 2014

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)	**2015**	2014
ASSETS		
Cash and cash equivalents (Notes 2(j) and 4(b))	$106,844	$97,550
Investments in marketable securities and derivatives (Notes 2(d), 2(e), 3 and 4)	698,887	735,981
Other investments (Notes 2(d) and 3)	112,738	111,615
Assets pledged under Insurance Trusts (Note 4 (e))	89,651	66,693
Investment sales pending settlement	27,708	26,083
Accrued investment income	4,339	5,069
Losses recoverable from reinsurers (Notes 5 and 9)	165,567	159,823
Accounts receivable	55,533	56,617
Funds withheld	22,757	26,638
Prepaid reinsurance premiums	20,947	22,151
Other assets (Notes 6(c))	15,393	14,593
Total assets	$1,320,364	$1,322,813
LIABILITIES		
Outstanding losses and loss expenses (Note 5)	$441,055	$416,046
Unearned premiums	97,163	99,938
Securities sold short (Notes 2(i), 3 and 4)	24,284	19,282
Investment purchases pending settlement	25,578	65,172
Loan payable (Note 6 (a))	148,400	148,400
Reinsurance premium payable	26,976	19,404
Amounts due to affiliates (Note 8(b))	1,054	808
Accounts payable	18,390	21,062
Total liabilities	$782,900	$790,112
SHAREHOLDERS' EQUITY		
Common shares (Note 7)	290	275
Retained earnings	537,174	532,426
Total shareholders' equity	537,464	532,701
Total liabilities and shareholders' equity	$1,320,364	$1,322,813

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended November 30, 2015 and 2014

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)	**2015**	2014
Gross premiums written (Note 12)	$152,684	$174,234
Change in unearned premiums	2,775	(14,341)
Premiums earned (Note 12)	155,459	159,893
Premiums ceded	42,823	45,778
Change in prepaid reinsurance premiums	1,204	1,068
Premiums ceded	44,027	46,846
Net premiums earned (Note 12)	111,432	113,047
Losses and loss expenses incurred, net of reinsurance (Note 5 and 12)	(57,277)	(104,445)
Commission and brokerage fees, net (Note 12)	(19,109)	(16,406)
Net underwriting income (loss) (Note 12)	35,046	(7,804)
Interest income	16,125	18,301
Net (losses) gains on investments (Note 3)	(14,209)	22,771
Dividends	1,418	1,320
Investment advisory and custodian fees	(4,609)	(3,849)
Interest and debt expense (Note 6(a) and 6(c))	(12,353)	(12,312)
Net investment (loss) income	(13,628)	26,231
General and administrative expenses (Note 8(a))	(16,670)	(14,820)
Net income	$4,748	$3,607

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years Ended November 30, 2015 and 2014

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)	Common Shares: Number of Shares	Common Shares	Retained Earnings	Total
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
Shares issued in year	3	15	–	15
Shares redeemed in year	–	–	–	–
Net income	–	–	4,748	4,748
Balance at November 30, 2015	58	$290	$537,174	$537,464

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended November 30, 2015 and 2014

(EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$4,748	$3,607
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization of deferred debt issuance costs	132	132
Net losses (gains) on investments	14,209	(22,771)
Proceeds from the sale of securities sold short	88,453	47,615
Purchase of securities sold short	(90,618)	(38,608)
Proceeds from the sale of investments	1,067,609	1,279,978
Purchase of investments	(1,079,899)	(1,290,611)
Changes in operating assets and liabilities:		
Accrued investment income	730	460
Losses recoverable from reinsurers	(5,744)	(2,761)
Accounts receivable	1,084	(7,740)
Funds withheld	3,881	7,241
Prepaid reinsurance premiums	1,204	1,068
Other assets	(932)	(3,776)
Outstanding losses and loss expenses	25,009	41,521
Unearned premiums	(2,775)	14,341
Reinsurance premium payable	7,572	(3,633)
Amounts due to affiliates	246	153
Accounts payable	(2,672)	628
Assets pledged under Insurance Trust	(22,958)	(51,346)
Net cash provided (used) by operating activities	9,279	(24,502)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares	15	–
Net cash provided by financing activities	15	–
Net increase (decrease) in cash and cash equivalents	9,294	(24,502)
Cash and cash equivalents at beginning of year	97,550	122,052
Cash and cash equivalents at end of year	$106,844	$97,550
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$11,872	$11,872

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended November 30, 2015 and 2014

1. NATURE OF THE BUSINESS

Oil Casualty Insurance, Ltd. (the "Company") was incorporated under the laws of Bermuda on May 14, 1986.

The Company's shareholders comprise companies operating in the energy industry. The Company provides property and casualty insurance and reinsurance on a global basis.

Through October 1, 2015, the Company's insurance business insured the risks of companies operating in the energy industry while its assumed reinsurance business mainly represented the property and casualty risks of ceding companies that provide such insurance primarily to energy companies. Effective October 1, 2015, the Company expanded its operations to insure and reinsure the same risks of companies outside of the energy industry. 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. 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 Trusts are carried in the Consolidated Balance Sheet at fair value. Realized and unrealized gains and losses are included in the Consolidated Statement of Operations.

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

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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, 2015, cash in the amount of $36.9 million (2014: $29.4 million) was on deposit with counterparties as collateral for securities sold short and positions held in derivative financial instruments (Note 4).

(k) Recently adopted accounting pronouncements

The Company elected to early adopt the guidance issued in ASU No. 2015-7, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)," which removed the requirement to categorize within the fair value hierarchy all investments measured using the net asset value per share practical expedient in all periods presented. The adoption of this accounting guidance did not have a material impact on the Company's financial statements.

3.INVESTMENTS

The fair values of investments as at November 30, 2015 and 2014 are as follows:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	**2015**	2014
Short Term Investments	$108,042	$139,144
Derivatives, net	(116)	(1,442)
Equity Securities	124,276	88,302
Fixed Maturities		
US Treasury and Government Agency	80,192	64,675
State and Municipal Bonds	14,578	18,250
Non-US Government Bonds	105,531	125,012
Supranationals	7,709	6,951
Corporate Bonds	161,610	167,919
Asset-Backed Securities	37,360	49,616
Mortgage-Backed Securities	59,705	77,554
Total Fixed Maturities	466,685	509,977
Total Investments in Marketable Securities and Derivatives	$698,887	$735,981
Other Investments	$112,738	$111,615

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, 2015, approximately 43% (2014: 50%) 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, 2015 and 2014 are as follows:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	**2015**	2014
US Government and Agency	$142,743	$136,889
AAA	94,150	82,062
AA	78,956	128,147
A	94,621	105,959
BBB	100,906	122,569
Below BBB	63,351	73,495
Total fixed maturities and short term investments	$574,727	$649,121

The Company's methodology for assigning credit ratings to 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, 2015, had an unrealized loss of $3.0 million (2014: $3.4 million gain) at the same date, which has been recorded in the Consolidated Statement of Operations.

At November 30, 2015, $90.4 million (2014: $61.4 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 5.5% (2014: 3.9%) 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, 2015 and 2014 are as follows:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	**2015**	2014
Due in one year or less	$108,042	$139,144
Due after one year through five years	145,496	166,644
Due after five years through ten years	123,019	109,266
Due after ten years	101,105	106,897
	477,662	521,951
Asset-Backed Securities	37,360	49,616
Mortgage-Backed Securities	59,705	77,554
Total Fixed Maturities and short term investments	$574,727	$649,121

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, 2015 and 2014 are as follows:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	2015	2014
Gross realized gains on investments	$102,460	$92,352
Gross realized losses on investments	(109,544)	(71,369)
Gross realized gains on derivative instruments	72,450	56,776
Gross realized losses on derivative instruments	(49,650)	(44,975)
Gross realized gains on other investments	5,324	3,166
Gross realized losses on other investments	(16)	(53)
Change in net unrealized gains and losses during the year on investments	(33,459)	(13,438)
Change in net unrealized gains and losses during the year on derivative instruments	1,326	(4,340)
Change in net unrealized gains and losses during the year on other investments	(3,115)	4,656
Change in net unrealized gains and losses during the year on assets pledged under Insurance Trust	15	(4)
Net (losses) gains on investments	$(14,209)	$22,771

During the year ended November 30, 2015, 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 $31.6 million loss (2014: $12.6 million loss) and fixed maturities and short term investments of a $1.9 million loss (2014: $0.8 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 certain short duration instruments such as money market funds, short term investments, U.S. treasury securities and exchange 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.

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. Thus, a Level 3 fair value measurement may include inputs that are observable (Level 1 and 2) and unobservable (Level 3).

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

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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 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, 2015, 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 requests 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, 2015, the fair value of hedge funds held in lock ups, side-pockets or gates was $9.4 million (2014: $7.5 million).

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, 2015 or 2014. Hedge fund investments measured at net asset value are not required to be disclosed within the fair value hierarchy following the Company's early adoption of ASU 2015-07.

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.

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The following tables summarize the levels of inputs used as at November 30, 2015 and 2014, in determining the classification of investment assets and liabilities held at fair value:

2015

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Level 1	Level 2	Level 3	NAV 1	TOTAL
ASSETS					
Short Term Investments	$62,551	$44,759	$732	–	$108,042
Derivatives, net	–	(116)	–	–	(116)
Equity Securities	106,430	–	–	17,846	124,276
US Treasury and Government Agency	80,097	95	–	–	80,192
State and Municipal Bonds	–	14,578	–	–	14,578
Non-US Government Bonds	–	104,121	–	1,410	105,531
Supranationals	–	7,709	–	–	7,709
Corporate Bonds	–	154,022	–	7,588	161,610
Asset-Backed Securities	–	37,360	–	–	37,360
Mortgage-Backed Securities	–	59,326	–	379	59,705
Total Investments in Marketable Securities and Derivatives	$249,078	$421,854	$732	$27,223	$698,887
Other Investments measured at net asset value[1]					$112,738
LIABILITIES					
Equity Securities sold short	$(24,284)	$–	$–	$–	$(24,284)

2014

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Level 1	Level 2	Level 3	NAV1	TOTAL
ASSETS					
Short Term Investments	$72,215	$66,737	$192	–	$139,144
Derivatives, net	–	(1,442)	–	–	(1,442)
Equity Securities	76,267	–	–	12,035	88,302
US Treasury and Government Agency	64,272	403	–	–	64,675
State and Municipal Bonds	–	18,250	–	–	18,250
Non-US Government Bonds	–	123,288	–	1,724	125,012
Supranationals	–	6,951	–	–	6,951
Corporate Bonds	–	159,792	623	7,504	167,919
Asset-Backed Securities	–	49,616	–	–	49,616
Mortgage-Backed Securities	–	77,171	–	383	77,554
Total Investments in Marketable Securities and Derivatives	$212,754	$500,766	$815	$21,646	$735,981
Other Investments measured at net asset value[1]					$111,615
LIABILITIES					
Equity Securities sold short	$(19,282)	$–	$–	$–	$(19,282)

[1] Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy following the Company's early adoption of ASU 2015-07. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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3.Investments (continued).

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, 2015 and 2014:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Short Term Investments	Corporate Bonds	TOTAL
Beginning balance at December 1, 2014	$192	$623	$815
Purchases and issuances	–	–	–
Sales and settlements	(74)	–	(74)
Transfers into Level 3	–	–	–
Transfers out of Level 3	–	–	–
Reclassification	623	(623)	–
Realized and unrealized gains included in net income for the year	(9)	–	(9)
Ending balance at November 30, 2015	$732	$–	$732

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Short Term Investments	Corporate Bonds	TOTAL
Beginning balance at December 1, 2013	$354	$709	$1,063
Purchases and issuances	–	–	–
Sales and settlements	(456)	–	(456)
Transfers into Level 3	160	–	160
Transfers out of Level 3	–	–	–
Realized and unrealized gains included in net income for the year	134	(86)	48
Ending balance at November 30, 2014	$192	$623	$815

The fair value measurements of the Company's Level 3 short term and corporate bond investments were based on unadjusted third party pricing sources.

During the year ended November 30, 2015, certain corporate investments were reclassified to short term investments due to the remaining time to maturity. There were no other transfers in or out of Levels 1, 2 or 3 during the year ended November 30, 2015.

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.

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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, 2015 and 2014:

	Derivative Assets 2015	Derivative Liabilities 2015
EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Fair Value	Fair Value
Interest rate swaps	$1,080	$4,375
Credit default swaps	11	49
Equity swaps	75	227
Fixed income and currency options	155	214
Forward foreign currency contracts	5,122	1,502
Equity futures	326	–
Interest rate futures	921	1,439
Total	$7,690	$7,806

	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

4. Commitments and contingencies (continued).
(a) Derivative instruments (continued).

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, 2015 and 2014:

			2015
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	$244	$528	$772
Credit default swaps	–	(24)	(24)
Equity swaps	61	(440)	(379)
Fixed income and currency options	1,855	118	1,973
Forward foreign currency contracts	21,706	(69)	21,637
Equity futures	(191)	301	110
Interest rate futures	(875)	912	37
Total	$22,800	$1,326	$24,126

			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

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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, 2015 and 2014, the Company had the following open forward foreign currency contracts:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	**2015** Notional Receivable	**2015** Notional Payable	2014 Notional Receivable	2014 Notional Payable
CURRENCY				
AUD	$7,455	$(13,853)	$13,894	$(20,206)
BRL	1,734	(4,186)	3,206	(5,788)
CAD	10,395	(22,486)	2,733	(14,862)
CNH	1,570	(2,611)	1,581	(3,385)
CNY	1,629	(1,679)	3,092	–
DKK	–	(8,606)	189	(234)
EUR	46,164	(118,366)	62,323	(143,362)
GBP	15,906	(40,507)	21,251	(50,624)
INR	5,571	(2,158)	5,163	(457)
JPY	8,316	(22,937)	16,965	(42,696)
KRW	2,054	(6,715)	184	(171)
MXN	2,454	(9,966)	5,470	(26,346)
MYR	676	(1,850)	4,218	(3,063)
NZD	3,021	(5,425)	5,102	(8,262)
PLN	1,296	(792)	1,229	(2,674)
SEK	1,796	(1,157)	1,176	(1,020)
SGD	1,105	(1,832)	890	(1,285)
TRY	735	(1,265)	2,722	(3,129)
TWD	989	(1,899)	–	–
USD	269,240	(109,850)	331,323	(148,216)
Other	4,140	(4,486)	5,525	(8,767)
	$386,246	$(382,626)	$488,236	$(484,547)

At November 30, 2015, unrealized gains of $5.1 million (2014: $5.7 million) and unrealized losses of $1.5 million (2014: $2.0 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, 2015 and 2014 the contractual values of financial futures contracts are:

		2015		2014
EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	**Long**	**Short**	Long	Short
Equity index futures contracts	$7,897	$ –	$5,219	$ –
Bond and note futures contracts	191,804	(205,838)	206,950	(467,545)

The Company had gross gains of $1.2 million and gross losses of $1.4 million on open futures contracts for the year ended November 30, 2015 (2014 – gross gains $1.9 million and gross losses $3.3 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, 2015 and 2014

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, 2015 and 2014 the fair value of open interest rate swap contracts is:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	2015	2014
Interest rate swaps, net	$(3,295)	$(3,823)

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, 2015 and 2014 the fair value of open fixed income and currency option contracts is:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	2015	2014
Options purchased	$155	$29
Options written (liability)	(214)	(206)

Premiums received for open written options as of November 30, 2015, amounted to $0.3 million (2014: $0.5 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, 2015, under the Customer Prime Broker Account Agreement, $30.4 million (2014: $22.7 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, 2015, the Company had $89.7 million (2014: $66.7 million) pledged specifically under Insurance Trusts, of these amounts, $8.4 million (2014: $4.2 million) was held in cash and cash equivalents and $81.3 million (2014: $62.5 million) was held in short-term US Treasury Bills.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended November 30, 2015 and 2014

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 2015 and 2014 is as follows:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	2015	2014
Gross balance, beginning of year	$416,046	$374,525
Less: losses recoverable from reinsurers	(159,823)	(157,062)
Net balance, beginning of year	256,223	217,463
Loss and loss expenses incurred related to:		
Current year	106,318	103,900
Prior years	(49,041)	545
Total loss and loss expenses incurred	57,277	104,445
Paid loss and loss expenses related to:		
Current year	(1,470)	(3,998)
Prior years	(36,542)	(61,687)
Total paid loss and loss expenses	(38,012)	(65,685)
Net balance, end of year	275,488	256,223
Plus: losses recoverable from reinsurers	165,567	159,823
Gross balance, end of year	$441,055	$416,046

The 2015 current year incurred losses of $106.3 million relate to: (i) the establishment of $34.4 million of IBNR on the Company's direct insurance book of business for the 2015 underwriting year; (ii) the establishment of IBNR totaling $39.6 million on the Company's assumed reinsurance book of business for the 2015 year; (iii) case reserves totaling $17.3 million on the Company's assumed reinsurance book of business for the 2015 year; and (iv) case reserves totaling $15.0 million on the Company's direct insurance book of business for the 2015 underwriting year.

During the year ended November 30, 2015, the incurred losses for prior year claims of $(49.0) million primarily relate to: (i) favorable development on prior year claims of $35.3 million on the Company's direct insurance book of business; (ii) favorable development totaling $14.8 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 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 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 prior years, the Company had repurchased and retired a portion of the Deferrable Subordinated Debentures with a par value of $51.6 million. Subsequent to the year end, on January 15, 2016, OCIL repurchased and retired a portion of the Deferrable Subordinated Debentures with a par value of $5.0 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 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, 2015, the facility has not been utilized and the fair value of the investments pledged to collateralize the Company's obligation totaled $Nil (2014: $Nil).

(c) Debt issuance costs
At November 30, 2015, the Company recognized deferred debt issuance costs of $2.5 million (2014: $2.6 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 (2014: $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, 2015, 58 (2014: 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 Bye-laws, subject to a maximum of 9.5% of total voting rights. The Bye-laws 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, 2015 and 2014, 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, 2015 and 2014.

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, 2015 and 2014:

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	**2015**	2014
U.S. GAAP Shareholders' Equity	$537,464	$532,701
Plus: Loan Payable	148,400	148,400
Less: Non-admitted assets	(15,384)	(14,588)
Statutory Capital and Surplus	$670,480	$666,513
Minimum required statutory capital and Surplus	$41,323	$38,433

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, 2015 the Company is required to maintain relevant assets of at least $297.5 million. At that date relevant assets are approximately $1,067.2 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, 2015, the Company met the capital requirements of the BSCR.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended November 30, 2015 and 2014

12.SEGMENTAL INFORMATION

The Company operates in two segments; insurance and assumed reinsurance. The insurance business written represents property and casualty 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, 2015 and 2014 as follows:

			2015
EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	Insurance	Assumed Reinsurance	Total
Premiums Written	$60,262	$92,422	$152,684
Premiums Earned	62,576	92,883	155,459
Net Premiums Earned	28,373	83,059	111,432
Losses and loss expenses incurred, net of reinsurance	(15,159)	(42,118)	(57,277)
Commission and brokerage fees, net	(2,226)	(16,883)	(19,109)
Net underwriting income	$10,988	$24,058	$35,046

			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 (loss) income	$(18,678)	$10,874	$(7,804)

13.COMPARATIVE INFORMATION

Certain balances in the 2014 financial statements have been reclassified to conform to the 2015 consolidated financial statement presentation.

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 26, 2016, which is the date the financial statements were issued.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS'

The Board of Directors
Oil Casualty Insurance, Ltd.

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, 2015 and 2014, 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.

Auditor's 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 auditor's 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, 2015 and 2014, 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, 2016

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

We, Bertil C. Olsson, 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.

Bertil C. Olsson
President and Chief Executive Officer

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
Berkshire Hathaway Energy Company
BG Group plc
[BG Insurance Company (Singapore) Pte Limited]
BHP Billiton Limited
Borealis AG
[Borealis Insurance A/S]
California Resources Corporation
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.
The Laclede Group, Inc.
Loop LLC

* THESE ENERGY COMPANIES OR THEIR INSURANCE AFFILIATES (INDICATED IN BRACKETS) WERE SHAREHOLDERS AT NOVEMBER 30, 2015.

SHAREHOLDERS*

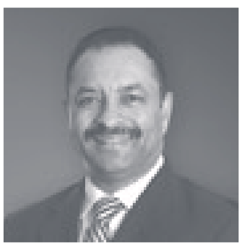
LyondellBasell Industries N.V.
(Lyondell Chemical Company)
Maersk Olie og Gas AS
Marathon Oil Corporation
Motiva Enterprises LLC
Murphy Oil Corporation
National Fuel Gas Company
Nexen Inc.
NextEra Energy, Inc.
NiSource Inc.
NOVA Chemicals Corporation
(Novalta Insurance Ltd.)
Occidental Petroleum Corporation
(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.
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.

BOARD OF DIRECTORS*

Theodore Guidry II

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



James F. Hughes III

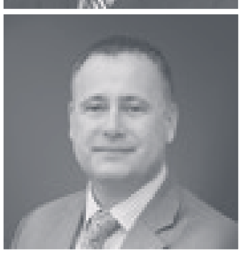
Corporate
Insurance Manager -
ConocoPhillips
Company

Anne Chalmers

Vice President -
Risk & Security,
Teck Resources Limited

John W. Dumas

Vice President -
Corporate Insurance (retired),
Murphy Oil Corporation



Roberto Benzan

Manager, Corporate Risk
Management
Insurance, Enterprise Risk,
Loss Control Engineering
Husky Energy, Inc.

Andre Levey

Group Insurance -
Manager,
Santos Ltd.

Fabrizio Mastrantonio

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

* AS OF NOVEMBER 30, 2015

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Risk Management
& Insurance,
Total S.A.

Peter F. Roueche

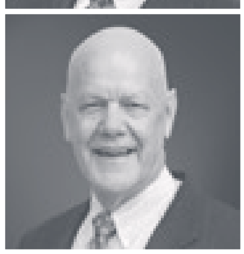
Director -
Enterprise Risk
& Insurance,
Eastman Chemical
Company

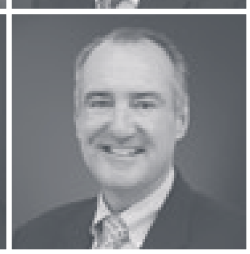
Robert D. Stauffer

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

* AS OF NOVEMBER 30, 2015

EXECUTIVE STAFF

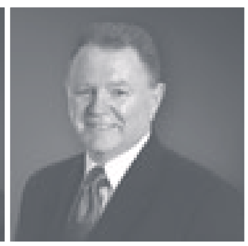
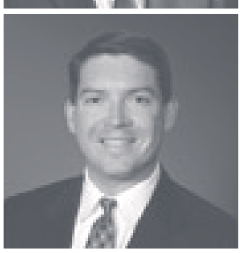
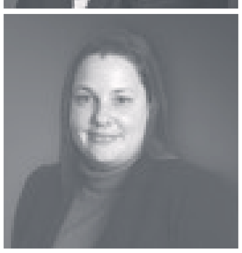
Bertil C. Olsson
President & Chief Executive Officer

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

Clover-Lee Darrell
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
Stephen Foster
Robert D. Stauffer

AUDIT

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

GOVERNANCE

Anne Chalmers
Peter Roueche

COMPENSATION

Theodore Guidry II
Andre Levey

EXTERNAL SERVICE PROVIDERS & CONSULTANTS

AUDITORS

KPMG Audit Limited
Crown House
4 Par-La-Ville Road
Hamilton HM08
Bermuda

LEGAL COUNSEL

Conyers, Dill & Pearman
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Sutherland Asbill & Brennan LLP
The Grace Building
1114 Avenue of Americas
New York NY 10036-7703
U.S.A

* AS OF NOVEMBER 30, 2015

SUBSIDIARY COMPANY*

Oil Casualty Investment Corporation, Ltd.

BOARD OF DIRECTORS

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

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

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

Cynthia Akagi
Manager,
Trust Investments
ConocoPhillips Company

Eric S. Fishman
Vice President & Treasurer
Hess Corporation

OFFICERS

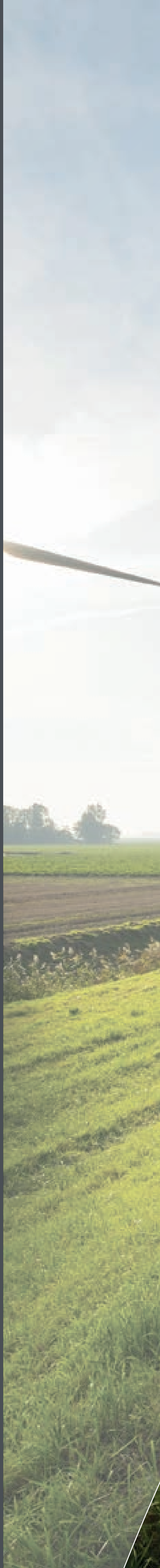
Ricky E. Lines
President & Treasurer

Marlene J. Cechini
Controller & Assistant Secretary

Andrew Rossiter
Vice President & Director of Investments

Ted Henke
General Counsel & Secretary

* AS OF NOVEMBER 30, 2015



OIL CASUALTY INSURANCE, LTD.

3 BERMUDIANA ROAD, HAMILTON HM 08, BERMUDA | P.O. BOX HM 1751, HAMILTON HM GX, BERMUDA
TEL: 441-295-0905 FAX: 441-295-0351

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