

FIRST QUARTER REPORT

FOR THE PERIOD ENDED February 28, 2021



Oil Casualty Insurance, Ltd. (OCIL) is a provider of excess property and liability insurance to a broad array of industries with a focus on the energy industry. OCIL also underwrites casualty, property and specialty treaty reinsurance, and participates in Lloyd's business through its corporate member. Energy operations insured by OCIL include exploration and production, refining and marketing, pipelines, petrochemicals, electric/gas utilities, mining and integrated energy companies. Domiciled in Bermuda, OCIL has served its customers for over thirty-four years.

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OIL CASUALTY INSURANCE, LTD. CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(\$'000)	28-Feb-21	30-Nov-20
ASSETS		
Cash and cash equivalents	214,743	154,874
Investments at fair value	760,565	780,209
Other investments	111,243	106,309
Restricted assets	243,373	241,704
Investment sales pending settlement	66,487	64,450
Accrued investment income	5,510	5,193
Losses recoverable from reinsurers	256,004	254,278
Accounts receivable	283,065	291,945
Funds withheld	64,503	63,469
Prepaid reinsurance premiums	30,404	44,798
Deferred acquisition costs	66,110	58,916
Other assets	977	491
Total assets	2,102,984	2,066,636
LIABILITIES		
Outstanding losses and loss expenses	887,998	860,806
Unearned premiums	306,530	289,054
Investment purchases pending settlement	114,424	113,419
Loan payable	131,804	131,774
Reinsurance premium payable	28,164	48,626
Amounts due to affiliates	6,214	1,824
Accounts payable	116,396	111,089
Total liabilities	1,591,530	1,556,592
SHAREHOLDERS' EQUITY		
Common shares	300	305
Retained earnings	511,154	509,739
Total shareholders' equity	511,454	510,044
Total liabilities and shareholders' equity	2,102,984	2,066,636

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OIL CASUALTY INSURANCE, LTD., CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

THREE MONTHS ENDED

(\$'000)	28-Feb-21	29-Feb-20
INCOME		
Gross premiums written	156,695	144,229
Change in unearned premiums written	(17,476)	(23,954)
Premiums earned	139,219	120,275
Premiums ceded	(8,760)	(5,754)
Change in prepaid reinsurance premiums	(14,394)	(12,470)
Net premiums earned	116,065	102,051
Losses and loss expenses incurred, net of reinsurance	(91,689)	(78,690)
Commission and brokerage fees, net	(28,272)	(20,057)
Net underwriting (loss) income	(3,896)	3,304
Interest income	4,353	6,515
Net gains (losses) on investments	9,554	(541)
Dividend income	460	736
Investment advisory and custodian fees	(842)	(889)
Interest expenses	(2,868)	(2,968)
Net investment income	10,657	2,853
General and administrative expenses	(5,346)	(4,388)
Net income	1,415	1,769

OIL CASUALTY INSURANCE, LTD. CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

(\$'000)	28-Feb-21
CAPITAL	
Common shares at beginning of period	305
Shares issued in period	5
Shares redeemed in period	(10)
Common shares outstanding at end of period	300
RETAINED EARNINGS	
Retained earnings at beginning of period	509,739
Net income for period	1,415
Retained earnings at end of period	511,154
Total shareholders' equity	511,454

INSURANCE OPERATIONS

Premiums written for the three months ended February 28, 2021, increased to \$156.7 million from \$144.2 million in the comparative period. Net premiums earned for the three months ended February 28, 2021 increased to \$116.1 million from \$102.1 million in the comparative period.

The increases in premiums written and earned for the three months ended February 28, 2021 was primarily due to growth in assumed reinsurance business.

During the three months ended February 28, 2021, losses and loss expenses incurred of \$91.7 million primarily related to: (i) net case and IBNR reserves totaling \$54.6 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves totaling \$25.9 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$10.2 million.

INVESTMENTS

During the three month period ended February 28, 2021, OCIL's fund of hedge funds and equity portfolios generated favorable returns of 4.6% and 8.4%, respectively, while the bond portfolio posted negative returns of 0.4%. Including cash and restricted assets, the Company's total invested assets generated a favorable return of 1.1% over the three month period.

NET INCOME

During the three months ended February 28, 2021, the Company recorded net income of \$1.4 million compared to net income of \$1.8 million in the comparative period.



OIL CASUALTY INSURANCE, LTD.

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