

SECOND QUARTER REPORT

FOR THE PERIOD ENDED May 31, 2020



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-three years.

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

(\$'000)	31-May-20	30-Nov-19
ASSETS		
Cash and cash equivalents	150,329	134,150
Investments at fair value	694,274	710,938
Other investments	99,519	102,371
Restricted assets	218,795	216,594
Investment sales pending settlement	51,869	56,790
Accrued investment income	4,390	4,799
Losses recoverable from reinsurers	260,164	247,004
Accounts receivable	247,849	191,281
Funds withheld	48,980	42,545
Prepaid reinsurance premiums	13,764	33,987
Other assets	49,980	38,778
Total assets	1,839,913	1,779,237
LIABILITIES		
Outstanding losses and loss expenses	769,678	715,753
Unearned premiums	245,444	207,208
Investment purchases pending settlement	81,167	96,946
Loan payable	131,715	136,591
Reinsurance premium payable	22,072	43,719
Amounts due to affiliates	2,448	2,629
Accounts payable	79,180	70,185
Total liabilities	1,331,704	1,273,031
SHAREHOLDERS' EQUITY		
Common shares	295	275
Retained earnings	507,914	505,931
Total shareholders' equity	508,209	506,206
Total liabilities and shareholders' equity	1,839,913	1,779,237

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

THREE MONTHS ENDED

SIX MONTHS ENDED

(\$'000)	31-May-20	31-May-19	31-May-20	31-May-19
INCOME				
Gross premiums written	118,522	82,978	262,751	170,503
Change in unearned premiums written	(14,282)	(7,399)	(38,236)	(23,405)
Premiums earned	104,240	75,579	224,515	147,098
Premiums ceded	(6,843)	(7,781)	(12,597)	(24,156)
Change in prepaid reinsurance premiums	(7,753)	(9,370)	(20,223)	(15,765)
Net premiums earned	89,644	58,428	191,695	107,177
Losses and loss expenses incurred, net of reinsurance	(49,177)	(33,218)	(127,867)	(92,219)
Commission and brokerage fees, net	(18,978)	(14,767)	(38,712)	(30,738)
Net underwriting income (loss)	21,489	10,443	25,116	(15,780)
Interest income	6,883	6,593	13,398	12,972
Net (losses) gains on investments	(19,808)	4,113	(20,349)	19,422
Dividend income	228	171	964	590
Investment advisory and custodian fees	(843)	(910)	(1,732)	(1,735)
Interest expenses	(2,864)	(2,930)	(5,832)	(5,814)
Net investment (loss) income	(16,404)	7,037	(13,551)	25,435
General and administrative expenses	(4,871)	(4,583)	(9,582)	(8,424)
Net income	214	12,897	1,983	1,231

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

(\$'000)	31-May-20
CAPITAL	
Common shares at beginning of period	275
Shares issued in period	20
Shares redeemed in period	-
Common shares outstanding at end of period	295
RETAINED EARNINGS	
Retained earnings at beginning of period	505,931
Net income for period	1,983
Retained earnings at end of period	507,914
Total shareholders' equity	508,209

INSURANCE OPERATIONS

Premiums written for the six months ended May 31, 2020, increased to \$262.8 million from \$170.5 million in the comparative period. Net premiums earned for the six months ended May 31, 2020 increased to \$191.7 million from \$107.2 million in the comparative period.

Premiums written for the three months ended May 31, 2020, increased to \$118.5 million from \$83.0 million in the comparative period. Net premiums earned for the three months ended May 31, 2020 increased to \$89.6 million from \$58.4 million in the comparative period.

The increases in premiums written and earned for the three and six months ended May 31, 2020 was primarily due to growth in assumed reinsurance, direct property, and OCIL's Lloyd's corporate member businesses.

During the six months ended May 31, 2020, losses and loss expenses incurred of \$127.9 million primarily related to: (i) net case and IBNR reserves totaling \$83.5 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves totaling \$17.0 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$26.9 million.

During the three months ended May 31, 2020, losses and loss expenses incurred of \$49.2 million primarily related to: (i) net case and IBNR reserves totaling \$32.5 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves totaling \$11.5 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$4.8 million.

INVESTMENTS

During the six month period ended May 31, 2020, OCIL's bond portfolio generated favorable returns of 1.4%, while the equity portfolio and fund of hedge funds posted negative returns of 10.3% and 5.5%, respectively. Including cash and OCIL's insurance trust assets, the Company's total invested assets had a negative return of 0.9% over the six month period.

During the three month period ended May 31, 2020, OCIL's fund of hedge funds, bond, and equity portfolios posted negative returns of 6.2%, 0.7%, and 2.8%, respectively. Including cash and OCIL's insurance trust assets, the Company's total invested assets had a negative return of 1.3% over the three month period.

NET INCOME

During the six months ended May 31, 2020, the Company recorded net income of \$2.0 million compared to net income of \$1.2 million in the comparative period.

During the three months ended May 31, 2020, the Company recorded net income of \$0.2 million compared to net income of \$12.9 million in the comparative period.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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