

SECOND QUARTER REPORT

FOR THE PERIOD ENDED
May 31, 2021



OIL
CASUALTY
INSURANCE,
LTD.

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-five years.



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

(\$'000)	31-May-21	30-Nov-20
ASSETS		
Cash and cash equivalents	136,814	154,874
Investments at fair value	770,268	780,209
Other investments	114,073	106,309
Restricted assets	278,534	241,704
Investment sales pending settlement	45,995	64,450
Accrued investment income	5,060	5,193
Losses recoverable from reinsurers	273,034	254,278
Accounts receivable	311,712	291,945
Funds withheld	64,306	63,469
Prepaid reinsurance premiums	19,578	44,798
Deferred acquisition costs	73,706	58,916
Other assets	906	491
Total assets	2,093,986	2,066,636
LIABILITIES		
Outstanding losses and loss expenses	889,437	860,806
Unearned premiums	329,585	289,054
Investment purchases pending settlement	67,460	113,419
Loan payable	131,833	131,774
Reinsurance premium payable	27,416	48,626
Amounts due to affiliates	3,089	1,824
Accounts payable	111,007	111,089
Total liabilities	1,559,827	1,556,592
SHAREHOLDERS' EQUITY		
Common shares	305	305
Retained earnings	533,854	509,739
Total shareholders' equity	534,159	510,044
Total liabilities and shareholders' equity	2,093,986	2,066,636

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

(\$'000)	THREE MONTHS ENDED		SIX MONTHS ENDED	
	31-May-21	31-May-20	31-May-21	31-May-20
INCOME				
Gross premiums written	165,427	118,522	322,122	262,751
Change in unearned premiums written	(23,056)	(14,282)	(40,532)	(38,236)
Premiums earned	142,371	104,240	281,590	224,515
Premiums ceded	(19,795)	(6,843)	(28,555)	(12,597)
Change in prepaid reinsurance premiums	(10,826)	(7,753)	(25,220)	(20,223)
Net premiums earned	111,750	89,644	227,815	191,695
Losses and loss expenses incurred, net of reinsurance	(70,397)	(49,177)	(162,086)	(127,867)
Commission and brokerage fees, net	(31,099)	(19,208)	(59,371)	(39,265)
Net underwriting income	10,254	21,259	6,358	24,563
Interest income	3,918	6,883	8,271	13,398
Net gains (losses) on investments	17,696	(19,808)	27,250	(20,349)
Dividend income	148	228	608	964
Investment advisory and custodian fees	(972)	(843)	(1,814)	(1,732)
Interest expenses	(2,877)	(2,864)	(5,745)	(5,832)
Net investment income (loss)	17,913	(16,404)	28,570	(13,551)
General and administrative expenses	(5,467)	(4,641)	(10,813)	(9,029)
Net income	22,700	214	24,115	1,983

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

(\$'000)	31-May-21
CAPITAL	
Common shares at beginning of period	305
Shares issued in period	10
Shares redeemed in period	(10)
Common shares outstanding at end of period	305
RETAINED EARNINGS	
Retained earnings at beginning of period	509,739
Net income for period	24,115
Retained earnings at end of period	533,854
Total shareholders' equity	534,159

INSURANCE OPERATIONS

Premiums written for the six months ended May 31, 2021, increased to \$322.1 million from \$262.8 million in the comparative period. Net premiums earned for the six months ended May 31, 2021 increased to \$227.8 million from \$191.7 million in the comparative period.

Premiums written for the three months ended May 31, 2021, increased to \$165.4 million from \$118.5 million in the comparative period. Net premiums earned for the three months ended May 31, 2021 increased to \$111.8 million from \$89.6 million in the comparative period.

The increases in premiums written and earned for the three and six months ended May 31, 2021, was primarily due to growth in the assumed reinsurance business.

During the six months ended May 31, 2021, losses and loss expenses incurred of \$162.1 million primarily related to: (i) net case and IBNR reserves totaling \$99.9 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves (including LAE) totaling \$45.2 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$17.0 million.

During the three months ended May 31, 2021, losses and loss expenses incurred of \$70.4 million primarily related to: (i) net case and IBNR reserves totaling \$45.3 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves (including LAE) totaling \$18.3 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$6.8 million.

INVESTMENTS

During the six month period ended May 31, 2021, OCIL's bond, equity and fund of hedge funds portfolios all generated favorable returns of 0.16%, 20.14% and 7.30%, respectively. Including cash and insurance trust assets, the Company's total invested assets had a positive return of 2.74% over the six month period.

During the three month period ended May 31, 2021, OCIL's bond, equity and fund of hedge funds portfolios posted positive returns of 0.54%, 10.86%, and 2.54%, respectively. Including cash and OCIL's insurance trust assets, the Company's total invested assets had a positive return of 1.65% over the three month period.

NET INCOME

During the six months ended May 31, 2021, the Company recorded net income of \$24.1 million compared to net income of \$2.0 million in the comparative period.

During the three months ended May 31, 2021, the Company recorded net income of \$22.7 million compared to net income of \$0.2 million in the comparative period.



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