THIRD QUARTER REPORT

OIL CASUALTY INSURANCE, LTD.

FOR THE PERIOD ENDED
August 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.

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

($'000)	31-Aug-20	30-Nov-19
ASSETS		
Cash and cash equivalents	172,576	134,150
Investments at fair value	743,838	710,938
Other investments	104,285	102,371
Restricted assets	238,784	216,594
Investment sales pending settlement	98,956	56,790
Accrued investment income	5,202	4,799
Losses recoverable from reinsurers	252,564	247,004
Accounts receivable	273,997	191,281
Funds withheld	62,522	42,545
Prepaid reinsurance premiums	58,517	33,987
Other assets	55,768	38,778
Total assets	2,067,009	1,779,237
LIABILITIES		
Outstanding losses and loss expenses	785,201	715,753
Unearned premiums	292,162	207,208
Investment purchases pending settlement	156,647	96,946
Loan payable	131,745	136,591
Reinsurance premium payable	65,871	43,719
Amounts due to affiliates	3,484	2,629
Accounts payable	89,569	70,185
Total liabilities	1,524,679	1,273,031
SHAREHOLDERS' EQUITY		
Common shares	300	275
Retained earnings	542,030	505,931
Total shareholders' equity	542,330	506,206
Total liabilities and shareholders' equity	2,067,009	1,779,237

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

($'000)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	31-Aug-20	31-Aug-19	31-Aug-20	31-Aug-19
INCOME				
Gross premiums written	171,920	108,352	434,671	278,855
Change in unearned premiums written	(46,718)	(38,694)	(84,954)	(62,099)
Premiums earned	125,202	69,658	349,717	216,756
Premiums ceded	(70,154)	(42,065)	(82,751)	(66,221)
Change in prepaid reinsurance premiums	44,753	31,080	24,530	15,315
Net premiums earned	99,801	58,673	291,496	165,850
Losses and loss expenses incurred, net of reinsurance	(72,339)	(46,348)	(200,206)	(138,567)
Commission and brokerage fees, net	(23,587)	(12,154)	(62,852)	(43,083)
Net underwriting income (loss)	3,875	171	28,438	(15,800)
Interest income	5,502	7,009	18,900	19,981
Net gains on investments	32,563	16,262	12,214	35,684
Dividend income	167	173	1,131	763
Investment advisory and custodian fees	(883)	(854)	(2,615)	(2,589)
Interest expenses	(2,909)	(3,069)	(8,741)	(8,883)
Net investment income	34,440	19,521	20,889	44,956
General and administrative expenses	(4,199)	(4,467)	(13,228)	(12,700)
Net income	34,116	15,225	36,099	16,456

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

($'000)	31-Aug-20
CAPITAL	
Common shares at beginning of period	275
Shares issued in period	30
Shares redeemed in period	(5)
Common shares outstanding at end of period	300
RETAINED EARNINGS	
Retained earnings at beginning of period	505,931
Net income for period	36,099
Retained earnings at end of period	542,030
Total shareholders' equity	542,330

INSURANCE OPERATIONS

Premiums written for the three months ended August 31, 2020, increased to $171.9 million from $108.4 million in the comparative period. Net premiums earned for the three months ended August 31, 2020 increased to $99.8 million from $58.7 million in the comparative period.

Premiums written for the nine months ended August 31, 2020, increased to $434.7 million from $278.9 million in the comparative period. Net premiums earned for the nine months ended August 31, 2020 increased to $291.5 million from $165.9 million in the comparative period.

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

During the three months ended August 31, 2020, losses and loss expenses incurred of $72.3 million primarily related to: (i) net case and IBNR reserves totaling $51.4 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves totaling $13.8 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of $6.9 million.

During the nine months ended August 31, 2020, losses and loss expenses incurred of $200.2 million primarily related to: (i) net case and IBNR reserves totaling $134.9 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves totaling $30.8 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of $33.7 million.

INVESTMENTS

During the three month period ended August 31, 2020, OCIL's fund of hedge funds, bond, and equity portfolios generated favorable returns of 4.8%, 2.9%, and 13.3%, respectively. Including cash and restricted assets, the Company's total invested assets generated a favorable return of 3.2% over the three month period.

During the nine month period ended August 31, 2020, OCIL's bond and equity portfolio generated favorable returns of 4.3% and 1.7%, respectively, while the fund of hedge funds posted a negative return of 1.0%. Including cash and restricted assets, the Company's total invested assets generated a favorable return of 2.3% over the nine month period.

NET INCOME

During the three months ended August 31, 2020, the Company recorded net income of $34.1 million compared to net income of $15.2 million in the comparative period.

During the nine months ended August 31, 2020, the Company recorded net income of $36.0 million compared to net income of $16.5 million in the comparative period.

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