

FIRST QUARTER REPORT

FOR THE PERIOD ENDED
February 28, 2022



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)	28-Feb-22	30-Nov-21
ASSETS		
Cash and cash equivalents	184,953	199,499
Investments at fair value	788,506	805,820
Other investments	125,046	126,055
Restricted assets	329,849	295,861
Investment sales pending settlement	5,243	11,075
Accrued investment income	4,898	5,069
Losses recoverable from reinsurers	257,371	251,088
Accounts receivable	288,360	283,907
Funds withheld	68,725	75,777
Prepaid reinsurance premiums	38,634	55,545
Deferred acquisition costs	68,677	72,732
Other assets	1,517	774
Total assets	2,161,779	2,183,202
LIABILITIES		
Outstanding losses and loss expenses	1,062,083	1,027,491
Unearned premiums	329,535	341,384
Investment purchases pending settlement	7,739	36,684
Loan payable	131,922	131,893
Reinsurance premium payable	37,750	47,127
Amounts due to affiliates	6,885	3,063
Accounts payable	144,308	122,105
Total liabilities	1,720,222	1,709,747
SHAREHOLDERS' EQUITY		
Common shares	305	300
Retained earnings	441,252	473,155
Total shareholders' equity	441,557	473,455
Total liabilities and shareholders' equity	2,161,779	2,183,202

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

(\$'000)	THREE MONTHS ENDED	
	28-Feb-22	28-Feb-21
INCOME		
Gross premiums written	148,818	156,695
Change in unearned premiums written	11,850	(17,476)
Premiums earned	160,668	139,219
Premiums ceded	(16,621)	(8,760)
Change in prepaid reinsurance premiums	(16,911)	(14,394)
Net premiums earned	127,136	116,065
Losses and loss expenses incurred, net of reinsurance	(100,792)	(91,689)
Commission and brokerage fees, net	(33,528)	(28,272)
Net underwriting loss	(7,184)	(3,896)
Interest income	3,456	4,353
Net (losses) gains on investments	(19,236)	9,554
Dividend income	544	460
Investment advisory and custodian fees	(1,014)	(842)
Interest expenses	(2,899)	(2,868)
Net investment (loss) income	(19,149)	10,657
General and administrative expenses	(5,722)	(5,346)
Net (loss) Income before income taxes	(32,055)	1,415
Income tax benefit (expense)	152	-
Net (loss) Income	(31,903)	1,415

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

(\$'000)	28-Feb-22
CAPITAL	
Common shares at beginning of period	300
Shares issued in period	10
Shares redeemed in period	(5)
Common shares outstanding at end of period	305
RETAINED EARNINGS	
Retained earnings at beginning of period	473,155
Net loss for period	(31,903)
Retained earnings at end of period	441,252
Total shareholders' equity	441,557

INSURANCE OPERATIONS

Premiums written for the three months ended February 28, 2022, decreased to \$148.8 million from \$156.7 million in the comparative period. Net premiums earned for the three months ended February 28, 2022 increased to \$127.1 million from \$116.1 million in the comparative period.

The decrease in premiums written for the three months ended February 28, 2022, was primarily due to a decline in the premium written on the assumed reinsurance business. The increase in net premiums earned for the three months ended February 28, 2022, was primarily due to growth in assumed written premium during the prior year.

During the three months ended February 28, 2022, losses and loss expenses incurred of \$100.8 million primarily related to: (i) net case and IBNR reserves totaling \$77.2 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves (including LAE) totaling \$19.9 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$3.7 million.

INVESTMENTS

During the three month period ended February 28, 2022, OCIL's bond, equity and fund of hedge funds portfolios posted negative returns of (1.8)%, (1.3)%, and (0.8)%, respectively. Including cash and OCIL's insurance trust assets, the Company's total invested assets had a negative return of (1.1)% over the three month period.

NET INCOME

During the three months ended February 28, 2022, the Company recorded a net loss of \$(31.9) million compared to net income of \$1.4 million in the comparative period.



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