

OCIL CONSOLIDATED STATEMENT OF
SHAREHOLDERS' EQUITY (UNAUDITED)

(\$'000)	31-May-16
Capital	
Common shares at beginning of period	290
Shares issued in period	5
Shares redeemed in period	(15)
Common shares outstanding at end of period	<u>280</u>
Retained earnings	
Retained earnings at beginning of period	537,174
Net income for period	(37,715)
Retained earnings at end of period	<u>499,459</u>
Total shareholders' equity	<u><u>499,739</u></u>



Bertil C. Olsson

President & Chief Executive Officer

3 BERMUDIANA ROAD
HAMILTON HM 08
BERMUDA

P.O. BOX HM 1751
HAMILTON HM GX
BERMUDA

TEL: 441-295-0905
FAX: 441-295-0351
WWW.OCIL.BM



OIL CASUALTY INSURANCE, LTD.

SECOND
QUARTER
REPORT
2016

OIL CASUALTY INSURANCE, LTD.
 SECOND QUARTER REPORT FOR THE PERIOD
 ENDING MAY 31, 2016

OCIL CONSOLIDATED STATEMENTS OF
 OPERATIONS (UNAUDITED)

OCIL CONSOLIDATED BALANCE SHEETS
 (UNAUDITED)

INSURANCE OPERATIONS:

Premiums written for the six months ended May 31, 2016, increased to \$73.7 million compared to \$66.6 million in the comparative period. The increase in premiums written is primarily due to an increase in the assumed reinsurance business written in the period along with the expansion of the Company's property book. Net premiums earned for the six months ended May 31, 2016 decreased to \$40.9 million compared to \$57.8 million in the comparative period. The decline was primarily due to reinstatement premiums accrued on the Company's ceded liability treaty as a result of case reserves established in the period.

During the six months ended May 31, 2016, losses and loss expenses incurred of \$61.1 million primarily related to: (i) net case reserves totaling \$36.3 million on the Company's direct liability book of business; (ii) net case reserves totaling \$21.2 million on the Company's assumed reinsurance book of business; and (iii) an increase in provisions for losses incurred but not reported totaling \$3.4 million across the Company's entire book of business.

During the six months ended May 31, 2016, the Company recorded a net loss of \$(37.7) million compared to net income of \$14.3 million in the comparative period.

INVESTMENTS:

During the six month period ended May 31, 2016, bond markets increased while the global equity and fund of hedge funds markets declined. For the six months ended May 31, 2016, returns on the Company's global equity, global fixed income and fund of hedge fund portfolios were approximately, (1.2)%, 1.6% and (2.5)%, respectively. Including cash, the Company's invested assets returned 0.5% over the six month period.

(\$'000)	THREE MONTHS ENDED		SIX MONTHS ENDED	
	31-May-16	31-May-15	31-May-16	31-May-15
Income				
Premiums written	42,118	37,218	73,736	66,552
Change in unearned premiums written	(4,530)	4,119	1,487	14,111
Premiums earned	37,588	41,337	75,223	80,663
Premiums ceded	(12,416)	284	(16,088)	(2,830)
Change in prepaid reinsurance premiums	(10,966)	(11,184)	(18,208)	(20,010)
Net premiums earned	14,206	30,437	40,927	57,823
Losses and loss expenses incurred	(47,847)	(23,824)	(61,106)	(33,697)
Commission and brokerage fees	(4,350)	(4,757)	(8,636)	(9,214)
Net underwriting income (loss)	(37,991)	1,856	(28,815)	14,912
Interest income	3,633	4,014	7,543	8,398
Net gains (losses) on investments	22,317	(545)	(2,020)	6,303
Dividend income	795	548	992	719
Investment advisory and custodian fees	(1,005)	(1,304)	(2,059)	(2,276)
Interest expenses	(2,980)	(3,129)	(5,997)	(6,219)
Net investment income (loss)	22,760	(416)	(1,541)	6,925
General and administrative expenses	(3,598)	(3,732)	(7,359)	(7,577)
Net income (loss)	(18,829)	(2,292)	(37,715)	14,260

(\$'000)	31-May-16	30-Nov-15
Assets		
Cash and term deposits	84,782	106,844
Investments at fair value	704,993	698,887
Other Investments	109,938	112,738
Assets pledged under Insurance Trusts	105,047	89,651
Investment sales pending settlement	25,622	27,708
Accrued investment income	3,999	4,339
Losses recoverable from reinsurers	204,483	165,567
Accounts receivable	73,577	55,533
Funds withheld	25,865	22,757
Prepaid reinsurance premiums	2,739	20,947
Other assets	15,533	15,393
Total assets	1,356,578	1,320,364
Liabilities		
Outstanding losses and loss expenses	511,909	441,055
Unearned premiums	95,675	97,163
Securities sold short	23,417	24,284
Investment purchases pending settlement	38,763	25,578
Loan payable	143,400	148,400
Reinsurance premium payable	22,284	26,976
Amounts due to affiliates	3,308	1,054
Accounts payable	18,083	18,390
Total liabilities	856,839	782,900
Shareholders' equity		
Common shares	280	290
Retained earnings	499,459	537,174
Total shareholders' equity	499,739	537,464
Total liabilities and shareholders' equity	1,356,578	1,320,364