

OCIL CONSOLIDATED STATEMENT OF
SHAREHOLDERS' EQUITY (UNAUDITED)

(\$'000)	28-Feb-10
Capital	
Common shares at beginning of period	300
Shares issued in period	-
Shares redeemed in period	-
Common shares outstanding at end of period	<u>300</u>
Retained earnings	
Retained earnings at beginning of period	450,485
Net income for period	<u>1,509</u>
Retained earnings at end of period	<u>451,994</u>
Total shareholders' equity	<u>452,294</u>

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A handwritten signature in black ink that reads 'R.D. Stauffer'.

Robert D. Stauffer

President & Chief Executive Officer

Robert D. Stauffer – President & CEO
Jerry B. Rivers – Senior Vice President & COO
Ricky E. Lines – Senior Vice President & CFO

2010

1ST
QUARTER
REPORT



SHAREHOLDERS' EQUITY:

Shareholders' equity for Oil Casualty Insurance, Ltd. (the Company) increased by \$1.5 million during the three months ended February 28, 2010 to \$452.3 million. This increase for the period was due to a net investment income of \$7.8 million and gains on repurchase of deferrable subordinated debentures of \$4.6 million offset by an underwriting loss of \$8.5 million and general and administrative expenses of \$2.4 million.

INSURANCE OPERATIONS:

Premiums written for the three months ended February 28, 2010 decreased to \$16.6 million as compared to \$18.3 million in the comparative period primarily as a result of changes in shareholder insurance program structures. Net reinsurance premiums ceded decreased to \$6.6 million compared to \$7.6 million in the comparative period. Overall, net premiums earned increased from \$3.6 million in the comparative period to \$4.7 million.

Loss and loss expenses incurred for the three months ended February 28, 2010 totaled \$13.1 million, primarily due to an adjustment to the net IBNR reserve.

INVESTMENTS:

During the three months ended February 28, 2010 the U.S. equity markets and global bond markets increased whilst international equity markets decreased. In the U.S. the S&P 500 increased by 1.31% for the period while internationally, equity markets decreased 3.67% for the period as measured by the MSCI EAFE Index. The global bond market, as represented by the Barclay Capital Global Aggregate Index (hedged), rose 0.57% for the period.

For the three month period ended February 28, 2010, the value of the Company's investments decreased by \$12.7 million, a reduction of 1.88%. This decrease primarily reflected funds withdrawn of \$20 million and investment advisory fees of \$0.7 million offset by interest and dividend income of \$6.5 million and realized and unrealized net losses on investments of \$5.6 million.

OCIL CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(\$'000)	THREE MONTHS ENDED	
	28-Feb-10	28-Feb-09
Income		
Premiums written	16,613	18,340
Change in unearned premiums written	(5,296)	(7,105)
Premiums earned	11,317	11,235
Premiums ceded	159	160
Change in prepaid reinsurance premiums	6,421	7,437
Net premiums earned	4,737	3,638
Losses and loss expenses incurred	(13,053)	(20)
Commission and brokerage fees	(169)	(134)
Net underwriting (loss) income	(8,485)	3,484
Interest income	6,366	5,663
Net gains (losses) on investments	5,554	(6,683)
Dividend income	149	351
Investment advisory and custodian fees	(652)	(665)
Interest expenses	(3,621)	(4,057)
Net investment income (loss)	7,796	(5,391)
General and administrative expenses	(2,443)	(2,548)
Gains on repurchase of deferrable subordinated debentures	4,641	-
Net income (loss)	1,509	(4,455)

OCIL CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(\$'000)	28-Feb-10	30-Nov-09
Assets		
Cash and term deposits	36,024	50,241
Investments at fair value	665,161	677,882
Collateral held under securities loan agreements	7,380	11,631
Investment sales pending settlement	9,781	2,991
Securities loaned under securities loan agreements	7,201	11,286
Accrued investment income	7,199	7,408
Losses recoverable from reinsurers	254,300	281,300
Prepaid reinsurance premiums	6,431	12,852
Other assets	8,073	5,510
Total assets	1,001,550	1,061,101
Liabilities		
Outstanding losses and loss expenses	323,000	343,000
Unearned premiums	25,419	20,123
Investment purchases pending settlement	11,401	12,730
Loan payable	168,857	200,000
Amounts payable under securities loan agreements	7,380	11,631
Reinsurance premium payable	5,249	18,009
Amounts due to affiliates	955	418
Accounts payable	6,995	4,405
Total liabilities	549,256	610,316
Shareholders' equity		
Common shares	300	300
Retained earnings	451,994	450,485
Total shareholders' equity	452,294	450,785
Total liabilities and shareholders' equity	1,001,550	1,061,101