

OCIL CONSOLIDATED STATEMENT OF
SHAREHOLDERS' EQUITY (UNAUDITED)

(\$'000)	31-May-10
Capital	
Common shares at beginning of period	300
Shares issued in period	-
Shares redeemed in period	(5)
Common shares outstanding at end of period	295
Retained earnings	
Retained earnings at beginning of period	450,485
Net income for period	(2,050)
Retained earnings at end of period	448,435
Total shareholders' equity	448,730

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SHAREHOLDERS' EQUITY:

Shareholders' equity for Oil Casualty Insurance, Ltd. (the Company) decreased by \$2.1 million during the six months ended May 31, 2010 to \$448.7 million. This decrease for the period was due to an underwriting loss of \$16.9 million and general and administrative expenses of \$4.9 million offset by net investment income of \$14.5 million and gains on repurchase of deferrable subordinated debentures of \$5.2 million.

INSURANCE OPERATIONS:

Premiums written for the six months ended May 31, 2010 decreased to \$24.8 million as compared to \$25.7 million in the comparative period primarily as a result of changes in shareholder insurance program structures. Net reinsurance premiums ceded decreased to \$13.4 million compared to \$14.8 million in the comparative period. Overall, net premiums earned increased from \$7.4 million in the comparative period to \$9.7 million.

Losses and loss expenses incurred for the six months ended May 31, 2010 totaled \$26.2 million, primarily due to an adjustment to the net IBNR reserve.

INVESTMENTS:

During the six month period ended May 31, 2010, U.S. equity markets and global bond markets increased, whilst international equity markets decreased. In the U.S. the S&P 500 decreased by 0.89% for the quarter (increased 0.40% year to date) while internationally, equity markets decreased 7.41% for the quarter as measured by the MSCI EAFE Index (decreased 10.80% year to date). The global bond market, as represented by the Barclay Capital Global Aggregate Index (hedged), increased 1.53% for the quarter (increased 2.11% year to date).

For the six month period ended May 31, 2010, the value of the Company's investments increased by \$5.1 million, an increase of 0.75%. This increase primarily reflected interest and dividend income of \$12.4 million and realized and unrealized net gains on investments of \$10.4 million offset by funds withdrawn of \$20 million and investment advisory fees of \$1.3 million.

OCIL CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(\$'000)	THREE MONTHS ENDED		SIX MONTHS ENDED	
	31-May-10	31-May-09	31-May-10	31-May-09
Income				
Premiums written	8,218	7,394	24,832	25,734
Change in unearned premiums written	3,528	3,531	(1,768)	(3,574)
Premiums earned	11,746	10,925	23,064	22,160
Premiums ceded	(409)	261	(567)	101
Change in prepaid reinsurance premiums	(6,421)	(7,438)	(12,842)	(14,875)
Net premiums earned	4,916	3,748	9,655	7,386
Losses and loss expenses incurred	(13,167)	(134)	(26,220)	(154)
Commission and brokerage fees	(167)	(139)	(336)	(273)
Net underwriting income (loss)	(8,418)	3,475	(16,901)	6,959
Interest income	5,440	6,468	11,806	12,131
Net gains on investments	4,876	49,678	10,431	42,995
Dividend income	446	485	594	836
Investment advisory and custodian fees	(625)	(446)	(1,277)	(1,111)
Interest and debt expenses	(3,393)	(4,089)	(7,015)	(8,146)
Net investment income	6,744	52,096	14,539	46,705
General and administrative expenses	(2,475)	(2,511)	(4,920)	(5,059)
Gains on repurchase of subordinated debentures	591	-	5,232	-
Net income (loss)	(3,558)	53,060	(2,050)	48,605

OCIL CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(\$'000)	31-May-10	30-Nov-09
Assets		
Cash and term deposits	10,306	50,241
Investments at fair value	682,937	677,882
Collateral held under securities loan agreements	7,418	11,631
Investment sales pending settlement	3,702	2,991
Securities loaned under securities loan agreements	6,791	11,286
Accrued investment income	7,206	7,408
Losses recoverable from reinsurers	241,300	281,300
Prepaid reinsurance premiums	10	12,852
Other assets	11,345	5,510
Total assets	971,015	1,061,101
Liabilities		
Outstanding losses and loss expenses	323,000	343,000
Unearned premiums	21,891	20,123
Investment purchases pending settlement	10,588	12,730
Loan payable	150,334	200,000
Amounts payable under securities loan agreements	7,418	11,631
Reinsurance premium payable	5,249	18,009
Amounts due to affiliates	440	418
Accounts payable	3,365	4,405
Total liabilities	522,285	610,316
Shareholders' equity		
Common shares	295	300
Retained earnings	448,435	450,485
Total shareholders' equity	448,730	450,785
Total liabilities and shareholders' equity	971,015	1,061,101

2nd Quarter 2010
OIL CASUALTY INSURANCE, LTD.