



OIL  
CASUALTY  
INSURANCE,  
LTD.

# SECOND QUARTER REPORT

FOR THE PERIOD ENDED  
May 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.

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

| (\$'000)  | 31-May-20        | 30-Nov-19        |
|---|------------------|------------------|
| <b>ASSETS</b>                                     |                  |                  |
| Cash and cash equivalents                         | 150,329          | 134,150          |
| Investments at fair value                         | 694,274          | 710,938          |
| Other investments                                 | 99,519           | 102,371          |
| Restricted assets                                 | 218,795          | 216,594          |
| Investment sales pending settlement               | 51,869           | 56,790           |
| Accrued investment income                         | 4,390            | 4,799            |
| Losses recoverable from reinsurers                | 260,164          | 247,004          |
| Accounts receivable                               | 247,849          | 191,281          |
| Funds withheld                                    | 48,980           | 42,545           |
| Prepaid reinsurance premiums                      | 13,764           | 33,987           |
| Other assets                                      | 49,980           | 38,778           |
| <b>Total assets</b>                               | <b>1,839,913</b> | <b>1,779,237</b> |
| <b>LIABILITIES</b>                                |                  |                  |
| Outstanding losses and loss expenses              | 769,678          | 715,753          |
| Unearned premiums                                 | 245,444          | 207,208          |
| Investment purchases pending settlement           | 81,167           | 96,946           |
| Loan payable                                      | 131,715          | 136,591          |
| Reinsurance premium payable                       | 22,072           | 43,719           |
| Amounts due to affiliates                         | 2,448            | 2,629            |
| Accounts payable                                  | 79,180           | 70,185           |
| <b>Total liabilities</b>                          | <b>1,331,704</b> | <b>1,273,031</b> |
| <b>SHAREHOLDERS' EQUITY</b>                       |                  |                  |
| Common shares                                     | 295              | 275              |
| Retained earnings                                 | 507,914          | 505,931          |
| <b>Total shareholders' equity</b>                 | <b>508,209</b>   | <b>506,206</b>   |
| <b>Total liabilities and shareholders' equity</b> | <b>1,839,913</b> | <b>1,779,237</b> |





# INSURANCE OPERATIONS

Premiums written for the six months ended May 31, 2020, increased to \$262.8 million from \$170.5 million in the comparative period. Net premiums earned for the six months ended May 31, 2020 increased to \$191.7 million from \$107.2 million in the comparative period.

Premiums written for the three months ended May 31, 2020, increased to \$118.5 million from \$83.0 million in the comparative period. Net premiums earned for the three months ended May 31, 2020 increased to \$89.6 million from \$58.4 million in the comparative period.

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

During the six months ended May 31, 2020, losses and loss expenses incurred of \$127.9 million primarily related to: (i) net case and IBNR reserves totaling \$83.5 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves totaling \$17.0 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$26.9 million.

During the three months ended May 31, 2020, losses and loss expenses incurred of \$49.2 million primarily related to: (i) net case and IBNR reserves totaling \$32.5 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves totaling \$11.5 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$4.8 million.

## INVESTMENTS

During the six month period ended May 31, 2020, OCIL's bond portfolio generated favorable returns of 1.4%, while the equity portfolio and fund of hedge funds posted negative returns of 10.3% and 5.5%, respectively. Including cash and OCIL's insurance trust assets, the Company's total invested assets had a negative return of 0.9% over the six month period.

During the three month period ended May 31, 2020, OCIL's fund of hedge funds, bond, and equity portfolios posted negative returns of 6.2%, 0.7%, and 2.8%, respectively. Including cash and OCIL's insurance trust assets, the Company's total invested assets had a negative return of 1.3% over the three month period.

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## NET INCOME

During the six months ended May 31, 2020, the Company recorded net income of \$2.0 million compared to net income of \$1.2 million in the comparative period.

During the three months ended May 31, 2020, the Company recorded net income of \$0.2 million compared to net income of \$12.9 million in the comparative period.

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**FOR FURTHER  
INFORMATION,  
PLEASE CONTACT:**

**Bertil Olsson**

Chief Executive Officer  
bertil.olsson@omsl.bm

**Jerry Rivers**

Chief Operating Officer  
jerry.rivers@ocil.bm

**Ricky Lines**

Chief Financial Officer  
ricky.lines@omsl.bm





OIL  
CASUALTY  
INSURANCE,  
LTD.

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](http://WWW.OCIL.BM)