

THIRD QUARTER REPORT

FOR THE PERIOD ENDED
August 31, 2021



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)	31-Aug-21	30-Nov-20
ASSETS		
Cash and cash equivalents	181,424	154,874
Investments at fair value	806,043	780,209
Other investments	115,923	106,309
Restricted assets	293,355	241,704
Investment sales pending settlement	12,361	64,450
Accrued investment income	5,199	5,193
Losses recoverable from reinsurers	245,354	254,278
Accounts receivable	315,210	291,945
Funds withheld	73,084	63,469
Prepaid reinsurance premiums	69,720	44,798
Deferred acquisition costs	74,234	58,916
Other assets	1,073	491
Total assets	2,192,980	2,066,636
LIABILITIES		
Outstanding losses and loss expenses	977,839	860,806
Unearned premiums	358,908	289,054
Investment purchases pending settlement	40,821	113,419
Loan payable	131,863	131,774
Reinsurance premium payable	53,738	48,626
Amounts due to affiliates	5,992	1,824
Accounts payable	111,321	111,089
Total liabilities	1,680,482	1,556,592
SHAREHOLDERS' EQUITY		
Common shares	305	305
Retained earnings	512,193	509,739
Total shareholders' equity	512,498	510,044
Total liabilities and shareholders' equity	2,192,980	2,066,636

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

(\$'000)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	31-Aug-21	31-Aug-20	31-Aug-21	31-Aug-20
INCOME				
Gross premiums written	188,135	171,920	510,257	434,671
Change in unearned premiums written	(29,323)	(46,718)	(69,855)	(84,954)
Premiums earned	158,812	125,202	440,402	349,717
Premiums ceded	(78,819)	(70,154)	(107,374)	(82,751)
Change in prepaid reinsurance premiums	50,143	44,753	24,923	24,530
Net premiums earned	130,136	99,801	357,951	291,496
Losses and loss expenses incurred, net of reinsurance	(119,926)	(72,339)	(282,012)	(200,206)
Commission and brokerage fees, net	(33,068)	(23,587)	(92,439)	(62,852)
Net underwriting income	(22,858)	3,875	(16,500)	28,438
Interest income	3,862	5,502	12,133	18,900
Net gains (losses) on investments	7,412	32,563	34,662	12,214
Dividend income	115	167	723	1,131
Investment advisory and custodian fees	(1,050)	(883)	(2,864)	(2,615)
Interest expenses	(3,039)	(2,909)	(8,784)	(8,741)
Net investment income (loss)	7,300	34,440	35,870	20,889
General and administrative expenses	(6,103)	(4,199)	(16,916)	(13,228)
Net income	(21,661)	34,116	2,454	36,099



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

(\$'000)	31-Aug-21
CAPITAL	
Common shares at beginning of period	305
Shares issued in period	10
Shares redeemed in period	(10)
Common shares outstanding at end of period	305
RETAINED EARNINGS	
Retained earnings at beginning of period	509,739
Net income for period	2,454
Retained earnings at end of period	512,193
Total shareholders' equity	512,498

INSURANCE OPERATIONS

Premiums written for the nine months ended August 31, 2021, increased to \$510.3 million from \$434.7 million in the comparative period. Net premiums earned for the nine months ended August 31, 2021 increased to \$358.0 million from \$291.5 million in the comparative period.

Premiums written for the three months ended August 31, 2021, increased to \$188.1 million from \$171.9 million in the comparative period. Net premiums earned for the three months ended August 31, 2021 increased to \$130.1 million from \$99.8 million in the comparative period.

The increases in premiums written and earned for the three and nine months ended August 31, 2021, was primarily due to growth in the assumed reinsurance business.

During the nine months ended August 31, 2021, losses and loss expenses incurred of \$282.0 million primarily related to: (i) net case and IBNR reserves totaling \$184.7 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves (including LAE) totaling \$72.1 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$25.0 million.

During the three months ended August 31, 2021, losses and loss expenses incurred of \$119.9 million primarily related to: (i) net case and IBNR reserves totaling \$84.8 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves (including LAE) totaling \$26.9 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$8.0 million.

INVESTMENTS

During the nine month period ended August 31, 2021, OCIL's bond, equity and fund of hedge funds portfolios all generated favorable returns of 0.86%, 23.56% and 9.04%, respectively. Including cash and insurance trust assets, the Company's total invested assets had a positive return of 3.54% over the nine month period.

During the three month period ended August 31, 2021, OCIL's bond, equity and fund of hedge funds portfolios posted positive returns of 0.70%, 2.85%, and 1.62%, respectively. Including cash and OCIL's insurance trust assets, the Company's total invested assets had a positive return of 0.78% over the three month period.

NET INCOME

During the nine months ended August 31, 2021, the Company recorded net income of \$2.5 million compared to net income of \$36.1 million in the comparative period.

During the three months ended August 31, 2021, the Company recorded a net loss of \$(21.7) million compared to net income of \$34.1 million in the comparative period.



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