

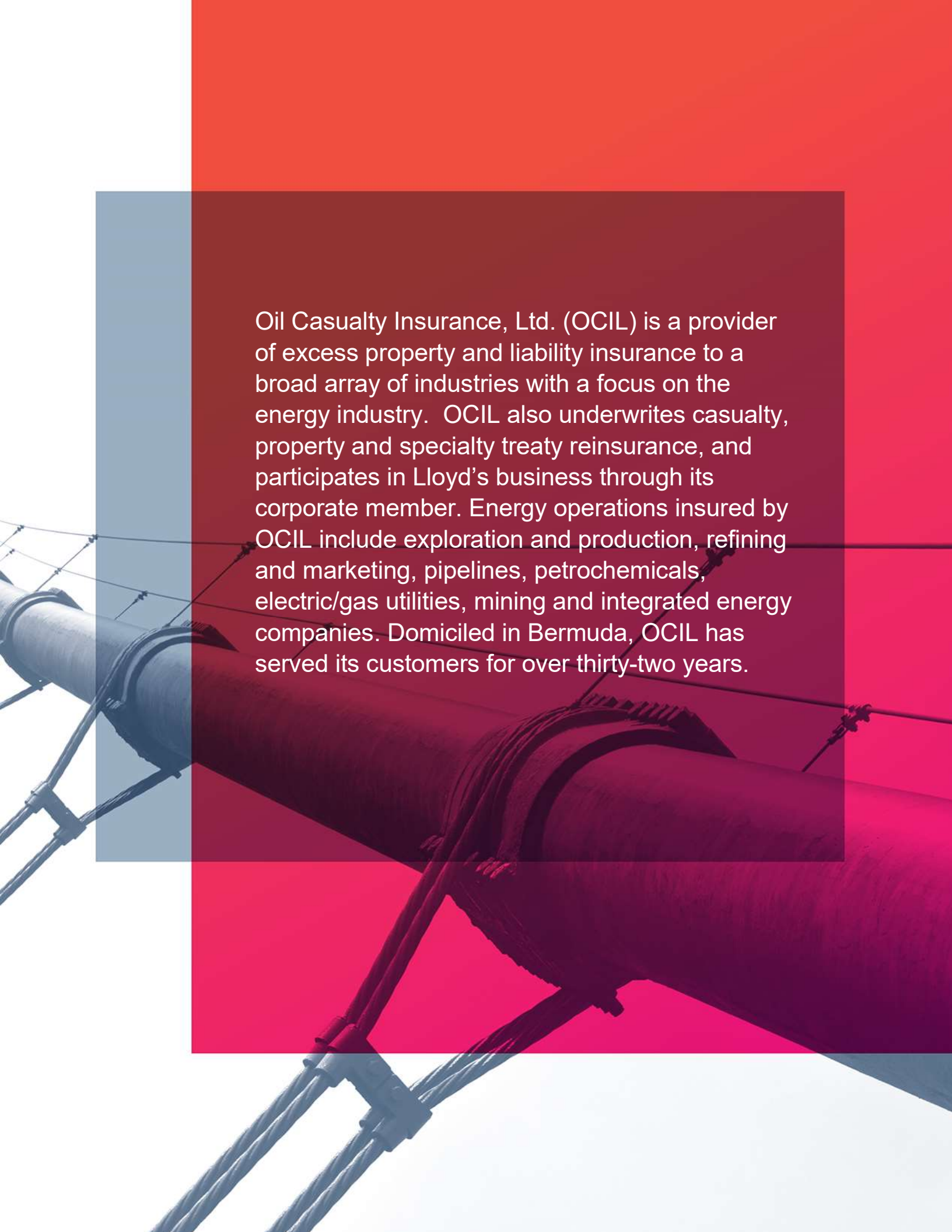


SECOND QUARTER REPORT

OIL CASUALTY INSURANCE, LTD.



FOR THE PERIOD ENDED May 31, 2019



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-two years.

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

(\$'000)	31-May-19	30-Nov-18
ASSETS		
Cash and cash equivalents	138,384	87,821
Investments at fair value	678,428	711,894
Other investments	90,990	94,056
Restricted assets	234,590	210,994
Investment sales pending settlement	33,722	13,394
Accrued investment income	4,349	3,978
Losses recoverable from reinsurers	328,967	294,616
Accounts receivable	241,050	183,707
Funds withheld	13,324	23,799
Prepaid reinsurance premiums	10,786	26,550
Other assets	32,752	28,192
Total assets	1,807,342	1,679,001
LIABILITIES		
Outstanding losses and loss expenses	794,346	732,351
Unearned premiums	169,877	146,472
Investment purchases pending settlement	63,702	34,579
Loan payable	136,529	136,468
Reinsurance premium payable	52,904	52,613
Amounts due to affiliates	3,506	1,144
Accounts payable	78,520	68,647
Total liabilities	1,299,384	1,172,274
SHAREHOLDERS' EQUITY		
Common shares	250	250
Retained earnings	507,708	506,477
Total shareholders' equity	507,958	506,727
Total liabilities and shareholders' equity	1,807,342	1,679,001

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

(\$'000)	THREE MONTHS ENDED		SIX MONTHS ENDED	
	31-May-19	31-May-18	31-May-19	31-May-18
INCOME				
Gross premiums written	82,978	60,981	170,503	119,921
Change in unearned premiums written	(7,399)	(666)	(23,405)	(3,944)
Premiums earned	75,579	60,315	147,098	115,977
Premiums ceded	(7,781)	(8,241)	(24,156)	(13,494)
Change in prepaid reinsurance premiums	(9,370)	(9,244)	(15,765)	(17,100)
Net premiums earned	58,428	42,830	107,177	85,383
Losses and loss expenses incurred, net of	(33,218)	(24,563)	(92,219)	(51,624)
Commission and brokerage fees, net	(14,767)	(9,998)	(30,738)	(18,651)
Net underwriting income (loss)	10,443	8,269	(15,780)	15,108
Interest income	6,593	5,311	12,972	10,375
Net gains (losses) on investments	4,113	(6,897)	19,422	(11,404)
Dividend income	171	658	590	1,385
Investment advisory and custodian fees	(910)	(937)	(1,735)	(1,963)
Interest expenses	(2,930)	(2,998)	(5,814)	(5,870)
Net investment income (loss)	7,037	(4,863)	25,435	(7,477)
General and administrative expenses	(4,583)	(4,605)	(8,424)	(8,546)
Net income (loss)	12,897	(1,199)	1,231	(915)

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

(\$'000)	31-May-19
CAPITAL	
Common shares at beginning of period	250
Shares issued in period	10
Shares redeemed in period	(10)
Common shares outstanding at end of period	250
RETAINED EARNINGS	
Retained earnings at beginning of period	506,477
Net income for period	1,231
Retained earnings at end of period	507,708
Total shareholders' equity	507,958



INSURANCE OPERATIONS

Premiums written for the six months ended May 31, 2019, increased to \$170.5 million from \$119.9 million in the comparative period. Net premiums earned for the six months ended May 31, 2019 increased to \$107.2 million from \$85.4 million in the comparative period. The increases in premiums written and earned was primarily due to growth in assumed reinsurance, OCIL's Lloyd's corporate member and direct property lines of business.

During the six months ended May 31, 2019, losses and loss expenses incurred of \$92.2 million primarily related to: (i) net case and IBNR reserves totaling \$58.7 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves totaling \$9.8 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$22.9 million.

During the six months ended May 31, 2019, the Company recorded a net underwriting loss of \$15.8 million compared to net underwriting income of \$15.1 million in the comparative period.

INVESTMENTS

During the six month period ended May 31, 2019, the global equity, fund of hedge funds and bond portfolios posted favorable returns. For the six months ended May 31, 2019, returns on the Company's global equity, global fixed income and fund of hedge fund portfolios were approximately, 1.2%, 3.9% and 3.1%, respectively. Including cash, the Company's invested assets returned 2.9% over the six month period.

NET INCOME (LOSS)

During the six months ended May 31, 2019, the Company recorded net income of \$1.2 million compared to a net loss of \$0.9 million in the comparative period.

For further information, please contact:

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