

OCIL CONSOLIDATED STATEMENT OF  
SHAREHOLDERS' EQUITY (UNAUDITED)

(\$'000)	31-Aug-16
<b>Capital</b>	
Common shares at beginning of period	290
Shares issued in period	5
Shares redeemed in period	(15)
Common shares outstanding at end of period	<u>280</u>
<b>Retained earnings</b>	
Retained earnings at beginning of period	537,174
Net income for period	<u>2,821</u>
Retained earnings at end of period	<u>539,995</u>
<b>Total shareholders' equity</b>	<u><u>540,275</u></u>



Bertil C. Olsson

*President & Chief Executive Officer*

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



OIL CASUALTY INSURANCE, LTD.

THIRD  
QUARTER  
REPORT  
2016



OIL CASUALTY INSURANCE, LTD.  
THIRD QUARTER REPORT FOR THE PERIOD  
ENDING AUGUST 31, 2016

OCIL CONSOLIDATED STATEMENTS OF  
OPERATIONS (UNAUDITED)

OCIL CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

**INSURANCE OPERATIONS:**

Premiums written for the nine months ended August 31, 2016, increased to \$126.3 million compared to \$114.5 million in the comparative period. The increase in premiums written is primarily due to an increase in the assumed reinsurance business written in the period. Net premiums earned for the nine months ended August 31, 2016 decreased to \$70.3 million compared to \$82.9 million in the comparative period. The decline was primarily due to reinstatement premiums accrued on the Company's ceded liability treaty as a result of case reserves established in the period.

During the nine months ended August 31, 2016, losses and loss expenses incurred of \$59.0 million primarily related to: (i) net case reserves totaling \$25.1 million on the Company's direct liability book of business; (ii) net case reserves totaling \$27.8 million on the Company's assumed reinsurance book of business; and (iii) an increase in provisions for losses incurred but not reported totaling \$5.1 million across the Company's entire book of business.

During the nine months ended August 31, 2016, the Company recorded net income of \$2.8 million compared to a net loss of \$25.3 million in the comparative period.

**INVESTMENTS:**

During the nine month period ended August 31, 2016, bond and global equity markets increased while the fund of hedge funds markets declined. For the nine months ended August 31, 2016, returns on the Company's global equity, global fixed income and fund of hedge fund portfolios were approximately, 3.6%, 3.9% and (2.1)%, respectively. Including cash, the Company's invested assets returned 2.6% over the nine month period.

(\$'000)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	31-Aug-16	31-Aug-15	31-Aug-16	31-Aug-15
<b>Income</b>				
Premiums written	52,605	47,991	126,341	114,543
Change in unearned premiums written	(15,422)	(11,466)	(13,935)	2,645
Premiums earned	37,183	36,525	112,406	117,188
Premiums ceded	(32,280)	(41,101)	(48,368)	(43,931)
Change in prepaid reinsurance premiums	24,482	29,603	6,274	9,593
Net premiums earned	29,385	25,027	70,312	82,850
Losses and loss expenses incurred	2,119	(33,415)	(58,987)	(67,112)
Commission and brokerage fees	(4,410)	(3,946)	(13,046)	(13,160)
<b>Net underwriting income (loss)</b>	<b>27,094</b>	<b>(12,334)</b>	<b>(1,721)</b>	<b>2,578</b>
Interest income	3,793	3,819	11,336	12,217
Net gains (losses) on investments	17,087	(23,568)	15,067	(17,265)
Dividend income	349	345	1,341	1,064
Investment advisory and custodian fees	(690)	(1,034)	(2,749)	(3,310)
Interest expenses	(3,050)	(3,148)	(9,047)	(9,367)
<b>Net investment income (loss)</b>	<b>17,489</b>	<b>(23,586)</b>	<b>15,948</b>	<b>(16,661)</b>
General and administrative expenses	(4,047)	(3,668)	(11,406)	(11,245)
<b>Net income (loss)</b>	<b>40,536</b>	<b>(39,588)</b>	<b>2,821</b>	<b>(25,328)</b>

(\$'000)	31-Aug-16	30-Nov-15
<b>Assets</b>		
Cash and term deposits	100,247	106,844
Investments at fair value	733,137	698,887
Other Investments	110,382	112,738
Assets pledged under Insurance Trusts	129,481	89,651
Investment sales pending settlement	41,558	27,708
Accrued investment income	3,577	4,339
Losses recoverable from reinsurers	206,207	165,567
Accounts receivable	64,374	55,533
Funds withheld	15,790	22,757
Prepaid reinsurance premiums	27,221	20,947
Other assets	16,228	15,393
<b>Total assets</b>	<b>1,448,202</b>	<b>1,320,364</b>
<b>Liabilities</b>		
Outstanding losses and loss expenses	506,067	441,055
Unearned premiums	111,097	97,163
Securities sold short	24,716	24,284
Investment purchases pending settlement	61,576	25,578
Loan payable	143,400	148,400
Reinsurance premium payable	36,906	26,976
Amounts due to affiliates	5,824	1,054
Accounts payable	18,341	18,390
<b>Total liabilities</b>	<b>907,927</b>	<b>782,900</b>
<b>Shareholders' equity</b>		
Common shares	280	290
Retained earnings	539,995	537,174
<b>Total shareholders' equity</b>	<b>540,275</b>	<b>537,464</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,448,202</b>	<b>1,320,364</b>