

# THIRD QUARTER REPORT FOR THE PERIOD ENDED AUGUST 31, 2018



OIL CASUALTY INSURANCE, LTD.

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

(\$'000)	31-August-18	30-Nov-17
<b>Assets</b>		
Cash and cash equivalents	101,583	96,042
Investments at fair value	727,162	733,272
Other investments	42,408	88,260
Restricted assets	197,837	218,110
Investment sales pending settlement	73,523	29,675
Accrued investment income	4,257	3,763
Amounts due from affiliates	414	-
Losses recoverable from reinsurers	277,070	247,680
Accounts receivable	162,893	135,603
Funds withheld	33,665	20,524
Prepaid reinsurance premiums	31,471	26,805
Other assets	24,650	19,347
<b>Total assets</b>	<b>1,676,933</b>	<b>1,619,081</b>
<b>Liabilities</b>		
Outstanding losses and loss expenses	685,398	622,240
Unearned premiums	144,980	137,234
Securities sold short	-	16,336
Investment purchases pending settlement	56,461	64,642
Loan payable	136,437	139,301
Reinsurance premium payable	52,751	49,731
Amounts due to affiliates	3,511	3,120
Accounts payable	51,545	40,573
<b>Total liabilities</b>	<b>1,131,083</b>	<b>1,073,177</b>
<b>Shareholders' equity</b>		
Common shares	255	270
Retained earnings	545,595	545,634
<b>Total shareholders' equity</b>	<b>545,850</b>	<b>545,904</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,676,933</b>	<b>1,619,081</b>

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.

# THIRD QUARTER REPORT 2018



OIL CASUALTY INSURANCE, LTD.

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

(\$'000)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	31-Aug-18	31-Aug-17	31-Aug-18	31-Aug-17
<b>Income</b>				
Premiums written	64,440	57,886	184,362	154,411
Change in unearned premiums written	(3,802)	(12,920)	(7,746)	(21,431)
Premiums earned	60,638	44,966	176,616	132,980
Premiums ceded	(37,368)	(37,121)	(50,862)	(46,202)
Change in prepaid reinsurance premiums	21,766	25,936	4,666	13,395
Net premiums earned	45,036	33,781	130,420	100,173
Losses and loss expenses incurred	(34,385)	(49,302)	(86,009)	(98,642)
Commission and brokerage fees	(9,644)	(6,168)	(28,295)	(17,057)
<b>Net underwriting income (loss)</b>	1,007	(21,689)	16,116	(15,526)
Interest income	6,154	7,159	16,529	16,450
Net gains (losses) on investments	1,040	8,163	(10,364)	33,851
Dividend income	683	220	2,068	870
Investment advisory and custodian fees	(918)	(835)	(2,881)	(2,524)
Interest expenses	(2,905)	(2,941)	(8,775)	(8,776)
<b>Net investment income (loss)</b>	4,054	11,766	(3,423)	39,871
General and administrative expenses	(4,186)	(3,413)	(12,732)	(11,301)
<b>Net income (loss)</b>	875	(13,336)	(39)	13,044

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OIL CASUALTY INSURANCE, LTD.

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

(\$'000)	31-Aug-18
<b>Capital</b>	
Common shares at beginning of period	270
Shares issued in period	-
Shares redeemed in period	(15)
Common shares outstanding at end of period	<u>255</u>
<b>Retained earnings</b>	
Retained earnings at beginning of period	545,634
Net income for period	(39)
Retained earnings at end of period	<u>545,595</u>
<b>Total shareholders' equity</b>	<u><u>545,850</u></u>

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OIL CASUALTY INSURANCE, LTD.

## INSURANCE OPERATIONS:

Premiums written for the nine months ended August 31, 2018, increased to \$184.4 million from \$154.4 million in the comparative period. Net premiums earned for the nine months ended August 31, 2018 increased to \$130.4 million from \$100.2 million in the comparative period. The increases in premium written and earned was primarily due to growth in assumed reinsurance business and OCIL's Lloyd's corporate member business.

During the nine months ended August 31, 2018, losses and loss expenses incurred of \$86.0 million primarily related to: (i) net case and IBNR reserves totaling \$43.9 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves totaling \$22.6 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$18.4 million.

During the nine months ended August 31, 2018, the Company recorded net underwriting income of \$16.1 million compared to net underwriting loss of \$15.5 million in the comparative period.

## INVESTMENTS:

During the nine month period ended August 31, 2018 the global equity and fund of hedge funds portfolios returned gains whilst the bond portfolio declined. For the nine months ended August 31, 2018, returns on the Company's global equity, global fixed income and fund of hedge fund portfolios were approximately, 3.1%, (0.1)% and 0.7%, respectively. Including cash, the Company's invested assets returned 0.6% over the nine month period.

## NET INCOME:

During the nine months ended August 31, 2018, the Company's results were flat compared to net income of \$13.0 million in the comparative period.

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