

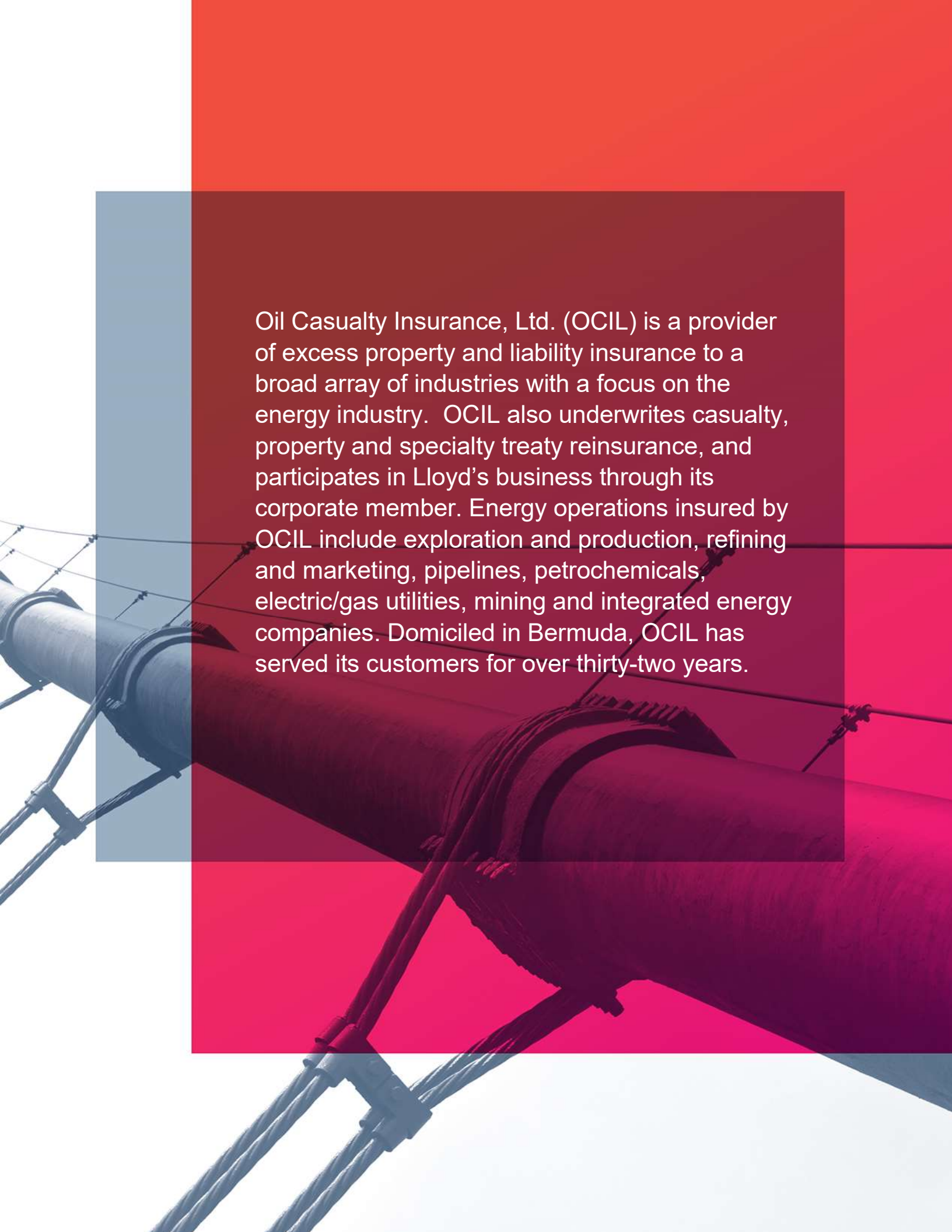


THIRD QUARTER REPORT

OIL CASUALTY INSURANCE, LTD.



FOR THE PERIOD ENDED August 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-Aug-19	30-Nov-18
ASSETS		
Cash and cash equivalents	174,601	87,821
Investments at fair value	715,838	711,894
Other investments	92,545	94,056
Restricted assets	215,040	210,994
Investment sales pending settlement	53,557	13,394
Accrued investment income	4,923	3,978
Losses recoverable from reinsurers	266,873	294,616
Accounts receivable	226,029	183,707
Funds withheld	22,958	23,799
Prepaid reinsurance premiums	41,865	26,550
Other assets	38,564	28,192
Total assets	1,852,793	1,679,001
LIABILITIES		
Outstanding losses and loss expenses	725,214	732,351
Unearned premiums	208,572	146,472
Investment purchases pending settlement	106,017	34,579
Loan payable	136,560	136,468
Reinsurance premium payable	65,138	52,613
Amounts due to affiliates	2,736	1,144
Accounts payable	85,373	68,647
Total liabilities	1,329,610	1,172,274
SHAREHOLDERS' EQUITY		
Common shares	250	250
Retained earnings	522,933	506,477
Total shareholders' equity	523,183	506,727
Total liabilities and shareholders' equity	1,852,793	1,679,001

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

(\$'000)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	31-Aug-19	31-Aug-18	31-Aug-19	31-Aug-18
INCOME				
Gross premiums written	108,352	64,440	278,855	184,362
Change in unearned premiums written	(38,694)	(3,802)	(62,099)	(7,746)
Premiums earned	69,658	60,638	216,756	176,616
Premiums ceded	(42,065)	(37,368)	(66,221)	(50,862)
Change in prepaid reinsurance premiums	31,080	21,766	15,315	4,666
Net premiums earned	58,673	45,036	165,850	130,420
Losses and loss expenses incurred, net	(46,348)	(34,385)	(138,567)	(86,009)
Commission and brokerage fees, net	(12,031)	(9,644)	(42,769)	(28,295)
Net underwriting income (loss)	294	1,007	(15,486)	16,116
Interest income	7,009	6,154	19,981	16,529
Net gains (losses) on investments	16,262	1,040	35,684	(10,364)
Dividend income	173	683	763	2,068
Investment advisory and custodian fees	(854)	(918)	(2,589)	(2,881)
Interest expenses	(3,069)	(2,905)	(8,883)	(8,775)
Net investment income (loss)	19,521	4,054	44,956	(3,423)
General and administrative expenses	(4,590)	(4,186)	(13,014)	(12,732)
Net income (loss)	15,225	875	16,456	(39)

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

(\$'000)	31-Aug-19
CAPITAL	
Common shares at beginning of period	250
Shares issued in period	35
Shares redeemed in period	(35)
Common shares outstanding at end of period	250
RETAINED EARNINGS	
Retained earnings at beginning of period	506,477
Net income for period	16,456
Retained earnings at end of period	522,933
Total shareholders' equity	523,183

INSURANCE OPERATIONS

Premiums written for the nine months ended August 31, 2019, increased to \$278.9 million from \$184.4 million in the comparative period. Net premiums earned for the nine months ended August 31, 2019 increased to \$165.9 million from \$130.4 million in the comparative period.

Premiums written for the three months ended August 31, 2019, increased to \$108.4 million from \$64.4 million in the comparative period. Net premiums earned for the three months ended August 31, 2019 increased to \$58.7 million from \$45.0 million in the comparative period.

The increases in premiums written and earned for the three and nine months ended August 31, 2019 was primarily due to growth in assumed reinsurance and direct property lines of business.

During the nine months ended August 31, 2019, losses and loss expenses incurred of \$138.6 million primarily related to: (i) net case and IBNR reserves totaling \$81.8 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves totaling \$30.0 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$25.4 million.

During the three months ended August 31, 2019, losses and loss expenses incurred of \$46.3 million primarily related to: (i) net case and IBNR reserves totaling \$23.1 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves totaling \$20.2 million on the direct liability and property books of business; and (iii) net reserves on OCIL's Lloyd's corporate member business of \$2.5 million.

INVESTMENTS

During the nine month period ended August 31, 2019, the global equity, fund of hedge funds and bond portfolios posted favorable returns. For the nine months ended August 31, 2019, returns on the Company's global equity, global fixed income and fund of hedge fund portfolios were approximately, 4.8%, 6.6% and 4.9%, respectively. Including cash, the Company's invested assets returned 5.1% over the nine month period.

During the three month period ended August 31, 2019, the global equity, fund of hedge funds and bond portfolios posted favorable returns. For the three months ended August 31, 2019, returns on the Company's global equity, global fixed income and fund of hedge fund portfolios were approximately, 3.6%, 2.6% and 1.7%, respectively. Including cash, the Company's invested assets returned 2.1% over the three month period.

NET INCOME (LOSS)

During the nine months ended August 31, 2019, the Company recorded net income of \$16.5 million compared to a flat result in the comparative period.

During the three months ended August 31, 2019, the Company recorded net income of \$15.2 million compared to net income of \$0.9 million in the comparative period.

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