

PRESS RELEASE



OIL CASUALTY INSURANCE, LTD.

A.M. Best reaffirms A- rating & S&P withdraws rating at OCIL's Request

Oil Casualty Insurance, Ltd. (OCIL) has announced that A.M. Best reaffirmed OCIL's A- financial strength rating with a stable outlook. In addition, at OCIL's request, Standard & Poor's has withdrawn its financial ratings and will no longer rate the entity going forward. The decision follows a recently published rating by S&P reaffirming OCIL's BBB+ rating.

Mr. Bertil Olsson, CEO, stated "We are disappointed in S&P's published rating which followed our sixth consecutive fiscal year of positive income and historic capital level as at year ending November 30, 2016". Mr. Olsson further stated that "The decision to withdraw the rating is based on S&P's modeling criteria which lacks the flexibility to recognize the significant improvements in OCIL's business model over the past 10 years; the existing S&P rating provides little commercial advantage to retaining existing clients or attracting new business and internal resources can be better utilized by focusing on the execution of OCIL's strategic plan rather than managing to S&P's expectations."

Chief Operating Officer, Jerry Rivers, commented that "OCIL has been able to expand and profitably grow its business due to our AAA modeled capital level, A.M. Best rating of A-, robust business model and the relationships the company has with its stakeholders. Withdrawing the S&P rating is not expected to have a negative impact on our existing or future business plans as OCIL is well positioned by having the A.M. Best rating which is widely recognized by brokers and clients that purchase and place insurance and reinsurance."

For further information, please contact Jerry Rivers at jerry.rivers@ocil.bm or 441-295-0905.

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 writes casualty and property treaty reinsurance.

OIL CASUALTY INSURANCE, LTD.

P.O. Box HM 1751
Hamilton, Bermuda HM GX

Telephone: (441) 295-0905
Website: www.ocil.bm

Facsimile: (441) 295-0351
E-mail: inquiry@ocil.bm

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A.M. Best Reaffirms A- Rating & S&P Withdraws Rating at OCIL's Request

Yesterday, A.M. Best reaffirmed OCIL's Financial Strength Rating of A- with a stable outlook. OCIL will continue to submit to A.M. Best's rating services. However, at the request of OCIL, Standard & Poor's has withdrawn its financial strength and issuer credit rating of OCIL and will no longer rate OCIL going forward. OCIL's decision was carefully evaluated and discussed with many of our stakeholders as well as OCIL's Board of Directors.

Attached is a copy of a press release just issued by OCIL announcing the withdrawal from S&P.

Background

S&P issues public ratings on insurance and reinsurance companies with a particular focus on larger publicly traded entities. Unlike public companies that aim to create share value appreciation and pay dividends, OCIL's objectives are quite different. Our focus is to provide competitive products; offer reliable and substantial coverage and employ fair underwriting and claims practices to our policyholders and assumed reinsurance clients. We have been successful in meeting these objectives yet they do not fully align with the S&P insurance rating methodology which favors much larger entities than OCIL.

OCIL has transformed its business model over the past ten years quite significantly and positively. OCIL has:

- Diversified its underwriting operations through expanded policy forms and coverages, eliminated the shareholders agreement to be more commercially marketable, modified eligibility criteria to expand outside of the energy industry, repurchased nearly 30% of outstanding subordinated debentures, rebalanced investment portfolio to reduce volatility, reduced maximum liability limits, etc.
- Increased gross written premium from \$77 million in 2006 to \$167 million in 2016 (117% growth)

- Increased Shareholders Equity from \$427 million at November 30, 2006 to \$539 million at November 30, 2016 (26% growth) – Record high since OCIL’s creation in 1986
- Reduced average liability limits from \$117 million in 2006 to \$48 million at year end 2016 (59% reduction)
- Reduced net retained limits from \$62.5 million in 2006 to \$19 million in 2017 in the event of a maximum limit liability loss (70% reduction)

Financial Highlights (Audited Fiscal Year Ending November 30, 2016)

- 6th consecutive year of positive income - \$1.7 million (\$4.7 million in 2015)
- Underwriting Income of \$12.6 million (\$35 million in 2015)
- Highest capital level in OCIL’s history - \$539 million
- \$98 million capital redundancy at AAA level - S&P capital model (enough to cover 8.5 years of debt service)

Decision Rationale

The current S&P rating provides little commercial advantage to retaining existing or attracting new business. OCIL has been able to expand and grow its core business over the past six years, in large part due to the A.M. Best rating of A- and the relationships the company has with its stakeholders. Staff resources are better utilized by focusing on executing OCIL’s strategic plan rather than managing to S&P’s expectations.

Surveying our stakeholders, management believes that having solely the A.M. Best rating will not have a negative impact on our business plans in that A.M. Best is well recognized by brokers and clients that purchase and place insurance and reinsurance. This combined with OCIL’s AAA capital level, robust business model and strong financial condition, OCIL is well positioned for continued success.

Please contact Jerry Rivers, Chief Operating Officer at 441-295-0905 or jerry.rivers@ocil.bm with any inquires.