

OIL CONSOLIDATED STATEMENT OF
SHAREHOLDERS' EQUITY (UNAUDITED)



(\$'000)	30-Jun-17
Capital	
Preferred shares at beginning of period	293,421
Preferred shares issued in period	-
Preferred shares repurchased in period	-
Preferred shares at end of period	293,421
Common shares at beginning of period	560
Common shares issued in period	-
Common shares redeemed in period	(20)
Common shares at end of period	540
Retained earnings	
Retained earnings at beginning of period	3,732,321
Net income for period	486,352
Preferred share dividend	(9,399)
Common share dividend	(250,000)
Retained earnings at end of period	3,959,274
Total shareholders' equity	4,253,235



Bertil C. Olsson
President & Chief Executive Officer

SHAREHOLDERS' EQUITY:

During the six months ended June 30, 2017, shareholders' equity increased by \$226.9 million to \$4,253.2 million. Underwriting income of \$131.4 million and net investment income of \$364.9 million were offset by common share dividends of \$250.0 million, preferred share dividends of \$9.4 million, and general and administrative expenses of \$10.0 million.

INSURANCE OPERATIONS:

During the six months ended June 30, 2017, gross premiums written totaled \$396.4 million, a \$3.9 million decrease from the six months ended June 30, 2016. Net premiums earned increased from \$198.1 million for the six months ended June 30, 2016 to \$198.2 million for the six months ended June 30, 2017. There are no significant changes in premium written and earned in the six months ended June 30, 2017, compared to the comparable 2016 period.

Losses and loss expenses incurred totaled \$66.8 million for the six month period ended June 30, 2017. The loss and loss expenses incurred are due to new claims relating to the current underwriting year totaling \$149.9 million offset by a decrease of \$84.1 million in prior year claims. Net loss expenses incurred for the six months ended June 30, 2017 totaled \$1.0 million.

INVESTMENTS:

During the six month period ended June 30, 2017, global equities, bond and fund of hedge funds markets continued to post solid gains. For the six months ended June 30, 2017, returns on the Company's equity, global fixed income and fund of hedge funds portfolios were approximately 12.3%, 2.8% and 3.2%, respectively, with a total return on cash and invested assets of 5.9%.

COMMON SHARE DIVIDENDS:

During March 2017, the Company declared a dividend in an aggregate amount of \$250 million to all common shareholders on record as of January 1, 2017, payable on or about June 30, 2017.

OIL CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(\$'000)	THREE MONTHS ENDED		SIX MONTHS ENDED	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
Premiums written	35	6,199	396,351	400,332
Change in unearned premiums written	99,068	94,990	(198,136)	(202,257)
Net premiums earned	99,103	101,189	198,215	198,075
Discount on retrospective premiums receivable	(26)	17	(52)	35
Losses and loss expenses incurred	(97,145)	61,086	(66,812)	(4,146)
Acquisition costs	-	(2,100)	-	(2,100)
Net underwriting income (loss)	1,932	160,192	131,351	191,864
Interest income	21,763	19,317	42,476	38,994
Net gains (losses) on investments	125,622	32,794	328,039	42,107
Dividend income	8,444	10,434	15,262	16,778
Interest expense and financing costs	(71)	(180)	(128)	(371)
Investment advisory and custodian fees	(10,918)	(5,466)	(20,703)	(15,316)
Net investment income (loss)	144,840	56,899	364,946	82,192
General and administrative expenses	(5,519)	(4,919)	(9,945)	(9,346)
Net income (loss)	141,253	212,172	486,352	264,710

OIL CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(\$'000)	30-Jun-17	31-Dec-16
Assets		
Cash and cash equivalents	787,219	791,980
Investments in marketable securities and derivatives	5,315,220	5,216,520
Other investments	726,045	771,446
Investment sales pending settlement	182,185	62,482
Accrued investment income	17,590	19,057
Amounts due from affiliates	269	42
Retrospective premiums receivable	895	5,276
Accounts receivable	168,427	30,193
Other assets	2,060	1,675
Total assets	7,199,910	6,898,671
Liabilities		
Reserve for unearned premiums	198,136	-
Outstanding losses and loss expenses	2,100,992	2,208,092
Retrospective premium payable	4,972	6,623
Securities sold short	352,832	398,887
Investment purchases pending settlement	269,220	244,287
Amounts due to affiliates	1,722	4,782
Accounts payable	18,801	9,698
Total liabilities	2,946,675	2,872,369
Shareholders' equity		
Preferred shares	293,421	293,421
Common shares	540	560
Retained earnings	3,959,274	3,732,321
Total shareholders' equity	4,253,235	4,026,302
Total liabilities and shareholders' equity	7,199,910	6,898,671

OIL INSURANCE LIMITED 2nd QUARTER REPORT 2017

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