

BHP PETROLEUM (AMERICAS) INC. • SANTOS LTD. • WOODSIDE
PETROLEUM LTD. • OMV AG • BRASKEM S.A. • CANADIAN NATURAL
RESOURCES LTD. • CENOVUS ENERGY INC. • HUSKY ENERGY INC.
NOVA CHEMICALS CORPORATION • PARAMOUNT RESOURCES LTD
• SUNCOR ENERGY INC. • TRANSCANADA PIPELINES LIMITED
PUERTO RICO ELECTRIC POWER AUTHORITY • CNOOC LIMITED
• ØRSTED A/S • ÉLECTRICITÉ DE FRANCE • TOTAL S.A. • BASF SE
MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY
ENI S.P.A. • EQUINOR ASA • YARA INTERNATIONAL ASA • GALI
ENERGIA, SGPS, S.A. • COMPAÑÍA ESPAÑOLA DE PETRÓLEOS S.A.
(CEPSA) • REPSOL, S.A. • LYONDELLBASEL
INDUSTRIES N.V. • ROYAL VOPAK N.V.
ANADARKO PETROLEUM CORPORATION • ANDEAVOR
APACHE CORPORATION • ARENA ENERGY, LP • BUCKEYE
PARTNERS, L.P. • CHEVRON CORPORATION • CHEVRON
PHILLIPS CHEMICAL COMPANY LLC • CITGO PETROLEUM
CORPORATION • CONOCOPHILLIPS COMPANY • DELEK US
HOLDINGS, INC. • DRUMMOND COMPANY, INC. • DTE ENERGY
COMPANY • ENERGY TRANSFER, LP • HESS CORPORATION
HOLLYFRONTIER CORPORATION • LOOP LLC • MARATHON OIL
COMPANY • MARATHON PETROLEUM CORPORATION
MURPHY OIL CORPORATION • NOBLE ENERGY, INC. • OCCIDENTAL
PETROLEUM CORPORATION • PHILLIPS 66 COMPANY • PLAIN
ALL AMERICAN PIPELINE, L.P. • SEMPRA ENERGY • THE SINCLAIR
COMPANIES • THE WILLIAMS COMPANIES,
INC. • VALERO ENERGY CORPORATION •
WESTLAKE CHEMICAL CORPORATION

BACKED BY OIL

3rd QUARTER REPORT 2019



OIL INSURANCE LIMITED
Leaders in Global Energy Insurance

OIL INSURANCE LIMITED
3rd QUARTER REPORT 2019
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(\$'000)	30-Sept-19	31-Dec-18
Assets		
Cash and cash equivalents	639,978	565,374
Investments in marketable securities and derivatives	4,924,258	4,983,464
Other investments	612,768	664,859
Investment sales pending settlement	297,475	57,375
Accrued investment income	20,571	20,480
Amounts due from affiliates	290	54
Retrospective premiums receivable	21,061	24,158
Accounts receivable	110,623	808
Deferred acquisition costs	68	372
Other assets	2,186	1,435
Total assets	6,629,278	6,318,379
Liabilities		
Reserve for unearned premiums	116,862	-
Outstanding losses and loss expenses	2,252,800	2,508,335
Retrospective premiums payable	2,906	2,840
Securities sold short	330,717	302,165
Investment purchases pending settlement	547,004	271,726
Amounts due to affiliates	1,914	3,973
Premiums received in advance	5,553	8,461
Accounts payable	9,393	11,014
Total liabilities	3,267,149	3,108,514
Shareholders' equity		
Preferred shares	-	293,421
Common shares	570	550
Retained earnings	3,361,559	2,915,894
Total shareholders' equity	3,362,129	3,209,865
Total liabilities and shareholders' equity	6,629,278	6,318,379

OIL INSURANCE LIMITED
3rd QUARTER REPORT 2019
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(000's)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	30-Sept-19	30-Sept-18	30-Sept-19	30-Sept-18
Premiums written	(33)	9,323	467,554	361,581
Change in unearned premiums written	116,863	88,686	(116,862)	(88,685)
Net premiums earned	116,830	98,009	350,692	272,896
Discount on retrospective premiums receivable	102	(27)	307	(82)
Losses and loss expenses incurred	(437)	(307,535)	(99,466)	(423,787)
Acquisition costs	(102)	-	(1,073)	-
Net underwriting income (loss)	116,393	(209,553)	250,460	(150,973)
Interest income	25,199	24,498	78,383	71,912
Net gains (losses) on investments	8,309	77,336	397,146	(10,438)
Dividend income	6,378	5,504	23,713	22,126
Interest expense and financing costs	(6,258)	(116)	(6,470)	(271)
Investment advisory and custodian fees	(6,412)	(6,726)	(20,581)	(23,984)
Net investment income	27,216	100,496	472,191	59,345
General and administrative expenses	(5,324)	(5,383)	(15,170)	(14,882)
Net income (loss)	138,285	(114,440)	707,481	(106,510)

OIL INSURANCE LIMITED
3rd QUARTER REPORT 2019
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

(\$'000)	30-Sept-19
Capital	
Preferred shares at beginning of period	293,421
Preferred shares issued in period	-
Preferred shares repurchased in period	(293,421)
Preferred shares at end of period	-
Common shares at beginning of period	550
Common shares issued in period	30
Common shares redeemed in period	(10)
Common shares at end of period	570
Retained earnings	
Retained earnings at beginning of period	2,915,894
Net income for period	707,481
Preferred share dividend	(11,779)
Common share dividend	(250,000)
Loss on repurchase of preferred shares	(37)
Retained earnings at end of period	3,361,559
Total shareholders' equity	3,362,129

OIL INSURANCE LIMITED
3rd QUARTER REPORT 2019

SHAREHOLDERS' EQUITY:

During the nine months ended September 30, 2019, shareholders' equity increased by \$152.3 million to \$3,362.1 million. Net underwriting income of \$250.5 million and net investment income of \$472.2 million were offset by common share dividends of \$250.0 million, preferred share dividends of \$11.8 million, general and administrative expenses of \$15.2 million, and the repurchase and retirement of the preference shares totaling \$293.4 million (net of issuance costs).

INSURANCE OPERATIONS:

During the nine months ended September 30, 2019, gross premiums written totaled \$467.6 million, a \$106.0 million increase from the nine months ended September 30, 2018. Net premiums earned increased from \$272.9 million for the nine months ended September 30, 2018 to \$350.7 million for the nine months ended September 30, 2019. The increase in premiums written and earned premiums in the nine month period ended September 30, 2019, is primarily due to the increase in losses in the most recent 5 year period, resulting in an overall increase in the annual premium charged by OIL, and the introduction of three new members to the Company.

Losses and loss expenses incurred totaled \$99.5 million for the nine month period ended September 30, 2019. The loss and loss expenses incurred are due to new claims relating to current underwriting year totaling \$11.0 million, new claims relating to the prior underwriting year totaling \$8.7 million, plus an increase of \$77.9 million in prior year claims. Net loss expenses incurred for the nine months ended September 30, 2019, totaled \$1.9 million.

INVESTMENTS:

During the nine month period ended September 30, 2019, the global equity, fund of hedge funds and bond portfolios posted favorable results. For the nine months ended September 30, 2019, returns on the Company's equity, global fixed income and fund of hedge funds portfolios were approximately 14.3%, 5.9% and 4.2%, respectively, with a total return on cash and invested assets of 8.3%.

During the three month period ended September 30, 2019, the global equity and fund of hedge funds posted unfavorable results while the bond portfolio posted favorable results. For the three months ended September 30, 2019, returns on the Company's equity, global fixed income and fund of hedge funds portfolios were approximately (0.2%), 1.3% and (0.3%), respectively, with a total return on cash and invested assets of 0.6%.

COMMON SHARE DIVIDENDS:

During March 2019, the Company declared a dividend in an aggregate amount of \$250 million to all common shareholders on record as of January 1, 2019, paid in August 2019.

Bertil C. Olsson	George F. Hutchings	Ricky E. Lines	3 Bermudiana Road	<u>Mailing Address:</u>	Telephone: (441) 295-0905
PRESIDENT & CHIEF	SENIOR VICE PRESIDENT &	SENIOR VICE PRESIDENT &	Hamilton HM08	P.O. Box HM 1751	Facsimile: (441) 295-0351
EXECUTIVE OFFICER	CHIEF OPERATING OFFICER	CHIEF FINANCIAL OFFICER	Bermuda	Hamilton HM GX, Bermuda	Email: inquiry@oil.bm / www.oil.bm