

OIL CONSOLIDATED STATEMENT OF
SHAREHOLDERS' EQUITY (UNAUDITED)

(\$'000)	31-Mar-18
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	<u>293,421</u>
Common shares at beginning of period	540
Common shares issued in period	-
Common shares redeemed in period	-
Common shares at end of period	<u>540</u>
Retained earnings	
Retained earnings at beginning of period	4,057,301
Net income for period	(11,686)
Preferred share dividend	(7,689)
Common share dividend	(450,000)
Retained earnings at end of period	<u>3,587,926</u>
Total shareholders' equity	<u>3,881,887</u>



Bertil C. Olsson
President & Chief Executive Officer



NEW HORIZONS
HORIZONS

SHAREHOLDERS' EQUITY:

During the three months ended March 31, 2018, shareholders' equity decreased by \$469.4 million to \$3,881.9 million. Common share dividends of \$450.0 million, preferred share dividends of \$7.7 million, net investment loss of \$23.3 million, and general and administrative expenses of \$4.3 million were offset by underwriting income of \$16.0 million.

INSURANCE OPERATIONS:

During the three months ended March 31, 2018, gross premiums written totaled \$352.2 million, a \$44.1 million decrease from the three months ended March 31, 2017. Net premiums earned decreased from \$99.1 million for the three months ended March 31, 2017 to \$86.2 million for the three months ended March 31, 2018. The decrease in premiums written and earned premiums in the three month period ended March 31, 2018, is primarily due to the decline in losses in the most recent 5 year period, resulting in an overall decrease in the annual premium charged by OIL.

Losses and loss expenses incurred totaled \$70.1 million for the three month period ended March 31, 2018. The loss and loss expenses incurred are due to new claims relating to the current underwriting year totaling \$30.0 million, new claims relating to the prior underwriting year totaling \$33.0 million, plus an increase of \$5.8 million in prior year claims. Net loss expenses incurred for the three months ended March 31, 2018, totaled \$1.3 million.

INVESTMENTS:

During the three month period ended March 31, 2018, the fund of hedge funds posted gains whilst the global equities and bond portfolios declined. For the three months ended March 31, 2018, returns on the Company's equity, global fixed income and fund of hedge funds portfolios were approximately (0.9)%, (0.1)% and 0.4%, respectively, with a total return on cash and invested assets of (0.4)%.

COMMON SHARE DIVIDENDS:

During March 2018, the Company declared a dividend in an aggregate amount of \$450 million to all common shareholders on record as of January 1, 2018, payable on or before June 30, 2018.

OIL CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(\$'000)	THREE MONTHS ENDED	
	31-Mar-18	31-Mar-17
Premiums written	352,208	396,316
Change in unearned premiums written	(266,056)	(297,204)
Net premiums earned	86,152	99,112
Discount on retrospective premiums receivable	(27)	(26)
Losses and loss expenses incurred	(70,142)	30,333
Acquisition costs	-	-
Net underwriting income (loss)	15,983	129,419
Interest income	22,670	20,713
Net gains (losses) on investments	(45,752)	202,417
Dividend income	8,239	6,818
Interest expense and financing costs	(77)	(57)
Investment advisory and custodian fees	(8,400)	(9,785)
Net investment income (loss)	(23,320)	220,106
General and administrative expenses	(4,349)	(4,426)
Net income (loss)	(11,686)	345,099

OIL CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(\$'000)	31-Mar-18	31-Dec-17
Assets		
Cash and cash equivalents	780,074	722,780
Investments in marketable securities and derivatives	5,634,969	5,649,711
Other investments	737,178	733,915
Investment sales pending settlement	124,465	196,881
Accrued investment income	23,689	18,383
Amounts due from affiliates	3,575	185
Retrospective premiums receivable	452	469
Accounts receivable	242,208	152
Other assets	1,663	1,520
Total assets	7,548,273	7,323,996
Liabilities		
Reserve for unearned premiums	266,056	-
Outstanding losses and loss expenses	2,302,313	2,242,876
Retrospective premium payable	6,916	7,533
Securities sold short	359,130	402,835
Investment purchases pending settlement	258,028	303,672
Amounts due to affiliates	435	2,692
Premiums received in advance	11,532	-
Accounts payable	11,976	13,126
Dividends payable to common shareholders	450,000	-
Total liabilities	3,666,386	2,972,734
Shareholders' equity		
Preferred shares	293,421	293,421
Common shares	540	540
Retained earnings	3,587,926	4,057,301
Total shareholders' equity	3,881,887	4,351,262
Total liabilities and shareholders' equity	7,548,273	7,323,996

OIL INSURANCE LIMITED 1st QUARTER REPORT 2018

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