

OIL INSURANCE LIMITED

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

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

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

TO: ALL SHAREHOLDERS

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Shareholder Notice

Framework of OIL's New Five Year Strategic Plan

OIL's Board of Directors met on December 7th, 2021 for its regularly scheduled December board meeting. During that meeting, The Board approved management's recommendation to embark on a new five year strategic plan. This memo highlights the high level components of that plan. But first, let me summarize what management and the Board have done over the course of 2020 and 2021 to arrive at this decision.

In October 2020, OIL commenced the process of developing a plan by hiring Oliver Wyman to assist us with the strategic planning process, market research, formulation of the membership survey used to solicit feedback from the shareholders as well as developing presentations for the Board as the project progressed. Oliver Wyman was chosen because of their deep understanding of the energy industry as well as their expertise in the insurance industry and specifically with other energy insurance mutuals.

In early 2021, the members were surveyed across a number of specific topics that market research and membership feedback suggested were important. Member responses were then paired with energy industry and energy insurance market data / trends to formulate specific strategic directions for the Board to consider. After presenting these ideas to the Board in the Spring of 2021, the Board chose to focus on three key strategic directions consisting of eight strategic initiatives during the July Board meeting. Shareholder Information Sessions were held in September and October to keep members engaged in the plan's development. One of the eight strategic initiatives included a review of the OIL brand. As a result, Lippincott (an Oliver Wyman owned brand specialist company) was engaged to help us think through these two elements. Over the third and fourth quarters, management, Oliver Wyman and Lippincott continued to refine the overall strategic plan and then presented it to the Board for their approval in December. The final plan is outlined below.

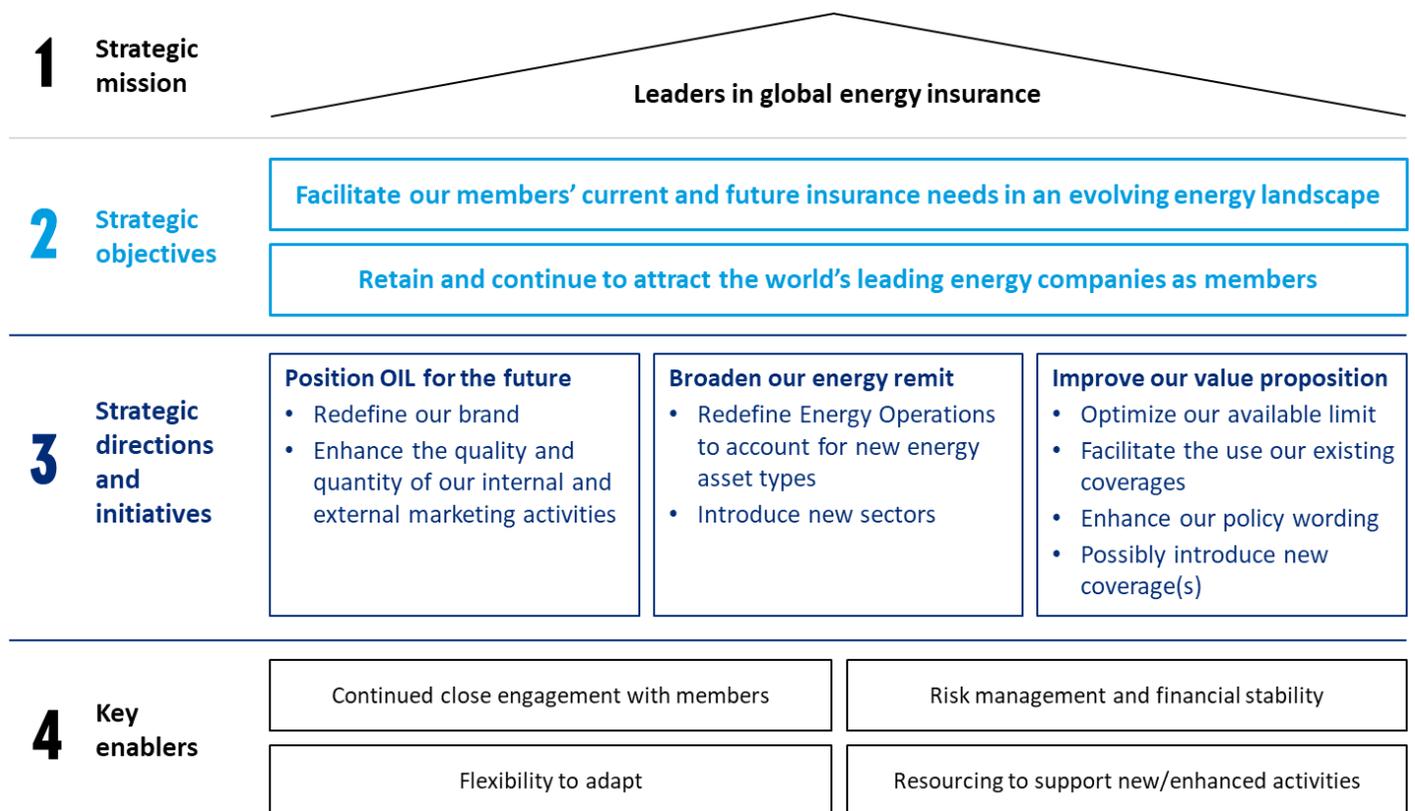
Following this memo, OIL's management will conduct several virtual Shareholder Information Sessions in February 2022 to explain the plan in more detail. We will space these out over several days and times to give everyone a chance to participate.

OIL’s Five Year Strategic Plan (2022-2026)

The Board’s adoption of the new five-year strategy will have permanent and highly important implications for the future of the company. With the energy industry rapidly changing and with noteworthy shifts occurring in the production and use of energy - from hydrocarbons to electricity and other forms of clean(er) energy - it is incumbent upon OIL to pivot its operations to ensure OIL continues to be the most important insurer of energy operations in the world.

To do so will require OIL to embrace new energy technologies while continuing to insure traditional oil and gas operations. At the same time, we will have to develop and enhance our marketing strategies so that OIL is well positioned during the transition and into the future for our members and the broader energy industry.

This approach is graphically represented as follows:



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The key to the plan are the three Strategic Directions and their corresponding eight Strategic Initiatives.

- Position OIL for the Future
 1. **Redefine our brand** – this initiative includes how we plan to portray and position OIL to our members and prospects, brokers and other stakeholders across all communication mediums – written, verbal and visual. This initiative may also include a name change. The detailed elements of this initiative have not yet been finalized but are expected to be completed in the first or second quarter of 2022.
 2. **Enhance the quality and quantity of our internal and external marketing activities** – it has become clear OIL's historical marketing activities have not been as robust or frequent as they should be. This initiative will address that by adding resources in this area while elevating our level of activities with existing members as well as prospects, brokers and other stakeholders. In the past, the responsibility for these activities has been shared by the CEO and COO who have not been able to dedicate the necessary time and effort to provide a consistent and thorough approach to our marketing activities.
- Broaden our Energy Remit
 3. **Redefine Energy Operations** – after a thorough evaluation of our Shareholders Agreement, it was clear that OIL needed to broaden its definition of what constitutes Energy Operations to accommodate the new energy technologies that are now emerging. The board adopted a revised definition at the December board meeting which will be used to determine membership eligibility when companies join OIL and for purposes of maintaining eligibility for existing members.
 4. **Introduce New Sectors** – during our research, it became clear that it was important to add 8 new sectors to OIL's Rating & Premium Plan. While sectors are exclusively used to price / differentiate various types of energy operations, having these sectors will also be very helpful with marketing and positioning OIL to companies focused on new energy technologies, satisfying rating agencies that OIL is evolving during the energy transition and to enable OIL to report to regulators which sectors our risk exposures are situated. The new sectors are (1) Biofuels & Biochemicals, (2) Electrical Storage, (3) Hydrogen, (4) Offshore Carbon Capture & Storage, (5) Offshore Wind, (6) Onshore Carbon Capture & Storage, (7) Onshore Wind and (8) Solar. The Renewables Sector has been eliminated as its scope is encapsulated in the new sectors. *Please note that you will shortly receive a detailed memo specifically dedicated to this initiative. It will highlight how OIL will implement these sectors in 2022.*

- Improve our Value Proposition
 5. **Optimize our Available Limit** – over the past 10 years, OIL has gradually increased its per occurrence limit from \$250 million to \$450 million without introducing significant premium volatility to the membership. The recent \$50 million increase to \$450M as of January 1, 2022 and all possible future increases will be evaluated with a watchful eye on this important volatility metric to ensure OIL can continue to provide substantial capacity while maintaining stability.
 6. **Facilitate the Use of our Existing Coverages** – OIL’s policy wording is quite broad and it gives members the freedom to use it for construction, operational and CAT risks. However, it may be difficult for members without a rated captive to use OIL for all these risks and to satisfy contractual requirements such as cover for “Additional Insureds”. To address this, OIL is investigating potential third party structure(s) that may be able to simulate a rated captive for OIL’s members. OIL expects to decide the merits of this initiative by the end of 2022.
 7. **Enhance our Policy Wording to embrace existing Energy Technologies and New Energy Technologies** – as OIL gains experience with insuring these new technologies as well as reviewing wordings for existing traditional assets, it will investigate how it can sensibly enhance policy wordings to improve our value proposition.
 8. **Possibly introduce New Coverage(s)** – OIL has preliminarily identified a unique “parametric” type product that may help OIL members mitigate uncovered losses when they sustain property damage, control of well or third party pollution occurrences. OIL plans to further develop this product in 2022 and into 2023 while testing its feasibility with the members.

Next Steps:

There are four key initiatives which OIL plans to execute on during 2022:

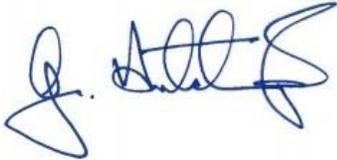
1. Commence implementation of the 8 new sectors using the 2022 June 30 Asset Declarations (subsequent memo will detail the process)
2. Establish OIL’s new brand strategy
3. Hire a designated resource who will help the COO manage OIL’s marketing activities with existing members, prospects, brokers and other stakeholders.
4. Determine if the “third party” facility can deliver efficient and cost effective “Additional Insured” coverage to all members

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Lastly, as mentioned above, OIL will conduct several virtual Shareholder Information Sessions in February and will provide the Shareholders with further insights and updates during the 2022 AGM.

Management and the Board firmly believe in this new five year strategic plan and look forward to sharing more with you over the coming months.

Wishing you a Happy New Year

A handwritten signature in blue ink, appearing to read "G. Hutchings". The signature is stylized with a large initial "G" and a long, sweeping underline.

George F. Hutchings
Senior Vice President & COO