

OIL CONSOLIDATED STATEMENT OF
SHAREHOLDERS' EQUITY (UNAUDITED)

(\$'000)	31-Mar-16
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	550
Common shares issued in period	-
Common shares redeemed in period	-
Common shares at end of period	550
Retained earnings	
Retained earnings at beginning of period	3,930,350
Net income for period	52,538
Preferred share dividend	(2,768)
Common share dividend	(200,000)
Retained earnings at end of period	3,780,120
Total shareholders' equity	4,074,091



Bertil C. Olsson
President & Chief Executive Officer



OIL INSURANCE LIMITED
Leaders in Global Energy Insurance



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SHAREHOLDERS' EQUITY:

During the three months ended March 31, 2016, shareholders' equity decreased by \$150.2 million to \$4,074.1 million. Underwriting income of \$31.7 million and net investment income of \$25.3 million were offset by common share dividends declared of \$200.0 million, preferred share dividends of \$2.8 million, and general and administrative expenses of \$4.4 million.

INSURANCE OPERATIONS:

During the three months ended March 31, 2016, gross premiums written totaled \$394.1 million, a \$19.5 million decrease from the three months ended March 31, 2015. Net premiums earned decreased from \$98.8 million for the three months ended March 31, 2015 to \$96.9 million for the three months ended March 31, 2016. The decrease in premiums written and earned is primarily due to a decline in losses in the most recent 5 year period, resulting in an overall decrease in the premium charged by OIL.

Losses and loss expenses incurred totaled \$65.2 million for the three month period ended March 31, 2016. The loss and loss expenses recovered is due to new claims relating to the current underwriting year totaling \$46.0 million plus an increase of \$18.4 million in prior year claims. Net loss expenses incurred for the three months ended March 31, 2016 totaled \$0.8 million.

INVESTMENTS:

During the three month period ended March 31, 2016, global equities and bond markets generated positive returns, offset by losses in the fund of hedge funds in the period. For the three months ended March 31, 2016, returns on the Company's equity, global fixed income and fund of hedge funds portfolios were approximately 0.1%, 1.7% and (3.8)%, respectively, with a total return on cash and invested assets of 0.4%.

COMMON SHARE DIVIDENDS:

During March 2016, the Company declared a dividend in an aggregate amount of \$200 million to all common shareholders on record as of January 1, 2016, payable on June 16, 2016.

OIL CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(\$'000)	THREE MONTHS ENDED	
	31-Mar-16	31-Mar-15
Premiums written	394,133	413,655
Change in unearned premiums written	(297,247)	(314,897)
Net premiums earned	96,886	98,758
Discount on retrospective premiums receivable	18	45
Losses and loss expenses incurred	(65,232)	7,747
Acquisition costs	-	-
Net underwriting income (loss)	31,672	106,550
Interest income	19,677	20,761
Net gains (losses) on investments	9,313	111,791
Dividend income	6,344	6,655
Interest expense and financing costs	(191)	(179)
Investment advisory and custodian fees	(9,850)	(10,707)
Net investment income (loss)	25,293	128,321
General and administrative expenses	(4,427)	(4,386)
Net income (loss)	52,538	230,485

OIL CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(\$'000)	31-Mar-16	31-Dec-15
Assets		
Cash and cash equivalents	900,078	856,421
Investments in marketable securities and derivatives	5,043,721	5,007,213
Other investments	761,686	791,430
Investment sales pending settlement	47,553	38,114
Accrued investment income	22,429	20,526
Amounts due from affiliates	109	39
Retrospective premiums receivable	16,083	18,022
Accounts receivable	232,074	65
Other assets	1,827	1,951
Total assets	7,025,560	6,733,781
Liabilities		
Reserve for unearned premiums	297,247	-
Outstanding losses and loss expenses	1,939,672	1,966,489
Retrospective premium payable	11,188	10,100
Premiums received in advance	-	12,193
Securities sold short	383,120	392,636
Investment purchases pending settlement	100,205	109,144
Amounts due to affiliates	2,142	3,009
Dividends payable to common shareholders	200,000	-
Accounts payable	17,895	15,889
Total liabilities	2,951,469	2,509,460
Shareholders' equity		
Preferred shares	293,421	293,421
Common shares	550	550
Retained earnings	3,780,120	3,930,350
Total shareholders' equity	4,074,091	4,224,321
Total liabilities and shareholders' equity	7,025,560	6,733,781

OIL INSURANCE LIMITED 1ST QUARTER REPORT 2016

Bertil C. Olsson	George F. Hutchings	Ricky E. Lines
PRESIDENT & CHIEF EXECUTIVE OFFICER	SENIOR VICE PRESIDENT & CHIEF OPERATING OFFICER	SENIOR VICE PRESIDENT & CHIEF FINANCIAL OFFICER

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