

OIL CONSOLIDATED STATEMENT OF  
SHAREHOLDERS' EQUITY (UNAUDITED)



(\$'000) 31-Mar-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	345,099
Preferred share dividend	(2,985)
Common share dividend	(250,000)
Retained earnings at end of period	3,824,435

**Total shareholders' equity** 4,118,396



Bertil C. Olsson  
*President & Chief Executive Officer*

## SHAREHOLDERS' EQUITY:

During the three months ended March 31, 2017, shareholders' equity increased by \$92.1 million to \$4,118.4 million. Underwriting income of \$129.4 million and net investment income of \$220.1 million were offset by common share dividends of \$250.0 million, preferred share dividends of \$3.0 million, and general and administrative expenses of \$4.4 million.

## INSURANCE OPERATIONS:

During the three months ended March 31, 2017, gross premiums written totaled \$396.3 million, a \$2.2 million increase from the three months ended March 31, 2016. Net premiums earned increased from \$96.9 million for the three months ended March 31, 2016 to \$99.1 million for the three months ended March 31, 2017. The increase in premiums written and earned is primarily due to the slight increase in losses in the most recent 5 year period, resulting in an overall increase in the annual premium charged by OIL.

Losses and loss expenses recovered totaled \$30.3 million for the three month period ended March 31, 2017. The loss and loss expenses recovered are due to a decrease of \$30.4 million in prior year claims. Net loss expenses incurred for the three months ended March 31, 2017 totaled \$0.1 million.

## INVESTMENTS:

During the three month period ended March 31, 2017, global equities, bond and fund of hedge funds markets generated positive returns. For the three months ended March 31, 2017, returns on the Company's equity, global fixed income and fund of hedge funds portfolios were approximately 7.4%, 1.3% and 2.8%, respectively, with a total return on cash and invested assets of 3.5%.

## 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	
	31-Mar-17	31-Mar-16
Premiums written	396,316	394,133
Change in unearned premiums written	(297,204)	(297,247)
Net premiums earned	99,112	96,886
Discount on retrospective premiums receivable	(26)	18
Losses and loss expenses incurred	30,333	(65,232)
Acquisition costs	-	-
<b>Net underwriting income (loss)</b>	<b>129,419</b>	<b>31,672</b>
Interest income	20,713	19,677
Net gains (losses) on investments	202,417	9,313
Dividend income	6,818	6,344
Interest expense and financing costs	(57)	(191)
Investment advisory and custodian fees	(9,785)	(9,850)
<b>Net investment income (loss)</b>	<b>220,106</b>	<b>25,293</b>
General and administrative expenses	(4,426)	(4,427)
<b>Net income (loss)</b>	<b>345,099</b>	<b>52,538</b>

## OIL CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(\$'000)	31-Mar-17	31-Dec-16
<b>Assets</b>		
Cash and cash equivalents	1,007,480	791,980
Investments in marketable securities and derivatives	5,296,179	5,216,520
Other investments	792,742	771,446
Investment sales pending settlement	129,705	62,482
Accrued investment income	23,433	19,057
Amounts due from affiliates	177	42
Retrospective premiums receivable	3,002	5,276
Accounts receivable	279,642	30,193
Other assets	1,681	1,675
<b>Total assets</b>	<b>7,534,041</b>	<b>6,898,671</b>
<b>Liabilities</b>		
Reserve for unearned premiums	297,205	-
Outstanding losses and loss expenses	2,154,790	2,208,092
Retrospective premium payable	6,107	6,623
Securities sold short	417,122	398,887
Investment purchases pending settlement	278,942	244,287
Amounts due to affiliates	1,503	4,782
Dividends payable to common shareholders	250,000	-
Accounts payable	9,976	9,698
<b>Total liabilities</b>	<b>3,415,645</b>	<b>2,872,369</b>
<b>Shareholders' equity</b>		
Preferred shares	293,421	293,421
Common shares	540	560
Retained earnings	3,824,435	3,732,321
<b>Total shareholders' equity</b>	<b>4,118,396</b>	<b>4,026,302</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,534,041</b>	<b>6,898,671</b>

## OIL INSURANCE LIMITED 1<sup>st</sup> QUARTER REPORT 2017

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