

OIL CONSOLIDATED STATEMENT OF
SHAREHOLDERS' EQUITY (UNAUDITED)

(\$'000)	30-Jun-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	264,710
Preferred share dividend	(2,768)
Common share dividend	(200,000)
Retained earnings at end of period	3,992,292
Total shareholders' equity	4,286,263



Bertil C. Olsson
President & Chief Executive Officer



OIL INSURANCE LIMITED
Leaders in Global Energy Insurance



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SHAREHOLDERS' EQUITY:

During the six months ended June 30, 2016, shareholders' equity increased by \$62.0 million to \$4,286.3 million. Underwriting income of \$191.9 million and net investment income of \$82.2 million were offset by common share dividends of \$200.0 million, preferred share dividends of \$2.8 million, and general and administrative expenses of \$9.3 million.

INSURANCE OPERATIONS:

During the six months ended June 30, 2016, gross premiums written totaled \$400.3 million, a \$10.9 million decrease from the six months ended June 30, 2015. Net premiums earned decreased from \$201.3 million for the six months ended June 30, 2015 to \$198.1 million for the six months ended June 30, 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 \$4.1 million for the six month period ended June 30, 2016. The loss and loss expenses incurred are due to new claims relating to the current underwriting year totaling \$46.0 million offset by a decrease of \$42.8 million in prior year claims. Net loss expenses incurred for the six months ended June 30, 2016 totaled \$0.9 million.

INVESTMENTS:

During the six month period ended June 30, 2016, global equities and bond markets generated positive returns, offset by losses in the fund of hedge funds in the period. For the six months ended June 30, 2016, returns on the Company's equity, global fixed income and fund of hedge funds portfolios were approximately 0.2%, 3.1% and (2.8)%, respectively, with a total return on cash and invested assets of 1.3%.

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 15, 2016.

OIL CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(\$'000)	THREE MONTHS ENDED		SIX MONTHS ENDED	
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
Premiums written	6,199	(2,375)	400,332	411,280
Change in unearned premiums written	94,990	104,966	(202,257)	(209,931)
Net premiums earned	101,189	102,591	198,075	201,349
Discount on retrospective premiums receivable	17	45	35	90
Losses and loss expenses incurred	61,086	48,167	(4,146)	55,914
Acquisition costs	(2,100)	-	(2,100)	-
Net underwriting income (loss)	160,192	150,803	191,864	257,353
Interest income	19,317	20,136	38,994	40,897
Net gains (losses) on investments	32,794	(30,442)	42,107	81,349
Dividend income	10,434	9,286	16,778	15,941
Interest expense and financing costs	(180)	(175)	(371)	(354)
Investment advisory and custodian fees	(5,466)	(13,145)	(15,316)	(23,852)
Net investment income (loss)	56,899	(14,340)	82,192	113,981
General and administrative expenses	(4,919)	(5,109)	(9,346)	(9,495)
Net income (loss)	212,172	131,354	264,710	361,839

OIL CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(\$'000)	30-Jun-16	31-Dec-15
Assets		
Cash and cash equivalents	777,981	856,421
Investments in marketable securities and derivatives	5,049,276	5,007,213
Other investments	768,987	791,430
Investment sales pending settlement	118,073	38,114
Accrued investment income	20,123	20,526
Amounts due from affiliates	1,774	39
Retrospective premiums receivable	11,952	18,022
Accounts receivable	146,612	65
Other assets	2,252	1,951
Total assets	6,897,030	6,733,781
Liabilities		
Reserve for unearned premiums	202,257	-
Outstanding losses and loss expenses	1,791,935	1,966,489
Retrospective premium payable	9,783	10,100
Premiums received in advance	-	12,193
Securities sold short	379,214	392,636
Investment purchases pending settlement	212,966	109,144
Amounts due to affiliates	2,492	3,009
Accounts payable	12,120	15,889
Total liabilities	2,610,767	2,509,460
Shareholders' equity		
Preferred shares	293,421	293,421
Common shares	550	550
Retained earnings	3,992,292	3,930,350
Total shareholders' equity	4,286,263	4,224,321
Total liabilities and shareholders' equity	6,897,030	6,733,781

OIL INSURANCE LIMITED 2nd QUARTER REPORT 2016

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