



OIL INSURANCE LIMITED  
Leaders in Global Energy Insurance

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AND IT WORKS.

2nd Quarter Report 2020

OIL INSURANCE LIMITED  
2nd QUARTER REPORT 2020  
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(\$'000)	30-Jun-20	31-Dec-19
<b>Assets</b>		
Cash and cash equivalents	500,008	526,159
Investments in marketable securities and derivatives	4,914,112	5,000,614
Other investments	702,957	705,907
Investment sales pending settlement	463,742	306,087
Accrued investment income	17,254	18,804
Amounts due from affiliates	282	101
Retrospective premiums receivable	28,628	29,907
Accounts receivable	183,835	1,714
Deferred acquisition costs	91	199
Other assets	2,971	2,655
<b>Total assets</b>	<b>6,813,880</b>	<b>6,592,147</b>
<b>Liabilities</b>		
Reserve for unearned premiums	234,423	-
Outstanding losses and loss expenses	1,904,104	2,068,752
Retrospective premiums payable	806	2,910
Securities sold short	240,738	276,422
Investment purchases pending settlement	789,281	536,503
Amounts due to affiliates	3,200	2,984
Premiums received in advance	3,508	5,553
Accounts payable	14,392	10,643
<b>Total liabilities</b>	<b>3,190,452</b>	<b>2,903,767</b>
<b>Shareholders' equity</b>		
Common shares	580	580
Retained earnings	3,622,848	3,687,800
<b>Total shareholders' equity</b>	<b>3,623,428</b>	<b>3,688,380</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,813,880</b>	<b>6,592,147</b>

OIL INSURANCE LIMITED  
2nd QUARTER REPORT 2020  
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(000's)	THREE MONTHS ENDED		SIX MONTHS ENDED	
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
Premiums written	5,687	3,353	471,378	467,587
Change in unearned premiums written	114,412	114,442	(234,423)	(233,725)
Net premiums earned	120,099	117,795	236,955	233,862
Discount on retrospective premiums receivable	91	103	182	205
Losses and loss expenses incurred	(113,230)	(55,968)	(106,127)	(99,029)
Acquisition costs	(1,146)	(870)	(1,200)	(971)
<b>Net underwriting income</b>	<b>5,814</b>	<b>61,060</b>	<b>129,810</b>	<b>134,067</b>
Interest income	19,026	27,285	40,528	53,184
Net gains (losses) on investments	421,798	108,853	(227,599)	388,837
Dividend income	7,495	8,900	14,174	17,335
Interest expense and financing costs	(86)	(111)	(227)	(212)
Investment advisory and custodian fees	(6,568)	(6,972)	(11,934)	(14,169)
<b>Net investment income (loss)</b>	<b>441,665</b>	<b>137,955</b>	<b>(185,058)</b>	<b>444,975</b>
General and administrative expenses	(5,251)	(5,263)	(9,704)	(9,846)
<b>Net income (loss)</b>	<b>442,228</b>	<b>193,752</b>	<b>(64,952)</b>	<b>569,196</b>

OIL INSURANCE LIMITED  
2nd QUARTER REPORT 2020  
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

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<b>(\$'000)</b>	<b>30-Jun-20</b>
<b>Capital</b>	
Common shares at beginning of period	580
Common shares issued in period	-
Common shares redeemed in period	-
Common shares at end of period	<u>580</u>
<b>Retained earnings</b>	
Retained earnings at beginning of period	3,687,800
Net loss for the period	(64,952)
Common share dividend	-
Retained earnings at end of period	<u>3,622,848</u>
<b>Total shareholders' equity</b>	<u>3,623,428</u>

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**SHAREHOLDERS' EQUITY:**

During the six months ended June 30, 2020, shareholders' equity decreased by \$65.0 million to \$3,623.4 million. Net underwriting income of \$129.8 million was offset by net investment loss of \$185.1 million and general and administrative expenses of \$9.7 million.

**INSURANCE OPERATIONS:**

During the six months ended June 30, 2020, gross premiums written totaled \$471.4 million, a \$3.8 million increase from the six months ended June 30, 2019. Net premiums earned increased from \$233.9 million for the six months ended June 30, 2019 to \$237.0 million for the six months ended June 30, 2020. The increase in premiums written and premiums earned in the six month period ended June 30, 2020, is primarily due to the introduction of three new members to the Company.

Losses and loss expenses incurred totaled \$106.1 million for the six month period ended June 30, 2020. The loss and loss expenses incurred are due to new claims relating to current underwriting year totaling \$5.0 million, new claims relating to prior underwriting years totaling \$104.4 million, less a decrease of \$5.4 million in prior year claims. Net loss expenses incurred for the six months ended June 30, 2020, totaled \$2.1 million.

Losses and loss expenses incurred totaled \$113.2 million for the three month period ended June 30, 2020. The loss and loss expenses incurred are due to new claims relating to current underwriting year totaling \$5.0 million, new claims relating to prior underwriting years totaling \$104.4 million, plus an increase of \$2.6 million in prior year claims. Net loss expenses incurred for the three months ended June 30, 2020, totaled \$1.2 million.

**INVESTMENTS:**

During the six month period ended June 30, 2020, the Company's bond portfolio generated favorable returns of 2.3%, while the global equity and fund of hedge funds portfolios posted negative returns of 10.9% and 5.1%, respectively. Including cash, the Company's total invested assets had a negative return of 3.1% over the six month period.

During the three month period ended June 30, 2020, the Company's bond, global equity, and fund of hedge funds portfolios generated favorable returns of 4.8%, 17.7%, and 5.4%, respectively. Including cash, the Company's total invested assets generated a favorable return of 8.5% over the three month period.

**COMMON SHARE DIVIDENDS:**

During July 2020, the Company declared a dividend in an aggregate amount of \$200.0 million to all common shareholders on record as of July 22, 2020 payable on or before November 30, 2020.

Bertil C. Olsson  
PRESIDENT & CHIEF  
EXECUTIVE OFFICER

George F. Hutchings  
SENIOR VICE PRESIDENT &  
CHIEF OPERATING OFFICER

Ricky E. Lines  
SENIOR VICE PRESIDENT &  
CHIEF FINANCIAL OFFICER

3 Bermudiana Road  
Hamilton HM08  
Bermuda

Mailing Address:  
P.O. Box HM 1751  
Hamilton HM GX, Bermuda

Telephone: (441) 295-0905  
Facsimile: (441) 295-0351  
Email: [inquiry@oil.bm](mailto:inquiry@oil.bm) / [www.oil.bm](http://www.oil.bm)