

OIL CONSOLIDATED STATEMENT OF
SHAREHOLDERS' EQUITY (UNAUDITED)

(\$'000)	30-Sep-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	20
Common shares redeemed in period	(10)
Common shares at end of period	560
Retained earnings	
Retained earnings at beginning of period	3,930,350
Net income for period	558,723
Preferred share dividend	(5,538)
Common share dividend	(200,000)
Retained earnings at end of period	4,283,535
Total shareholders' equity	4,577,516



Bertil C. Olsson
President & Chief Executive Officer



OIL INSURANCE LIMITED
Leaders in Global Energy Insurance



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SHAREHOLDERS' EQUITY:

During the nine months ended September 30, 2016, shareholders' equity increased by \$353.2 million to \$4,577.5 million. Underwriting income of \$305.3 million and net investment income of \$267.6 million were offset by common share dividends of \$200.0 million, preferred share dividends of \$5.5 million, and general and administrative expenses of \$14.2 million.

INSURANCE OPERATIONS:

During the nine months ended September 30, 2016, gross premiums written totaled \$437.8 million, a \$22.8 million increase from the nine months ended September 30, 2015. Net premiums earned increased from \$309.1 million for the nine months ended September 30, 2015 to \$336.7 million for the nine months ended September 30, 2016. The increase in premiums written and earned is primarily due to the accrual of withdrawal premiums of \$37.5 million offset by a decline in losses in the most recent 5 year period, resulting in an overall decrease in the annual premium charged by OIL.

Losses and loss expenses incurred totaled \$29.4 million for the nine month period ended September 30, 2016. The loss and loss expenses incurred are due to new claims relating to the current underwriting year totaling \$27.5 million offset by a decrease of \$0.1 million in prior year claims. Net loss expenses incurred for the nine months ended September 30, 2016 totaled \$2.0 million.

INVESTMENTS:

During the nine month period ended September 30, 2016, global equities and bond markets generated positive returns, offset by losses in the fund of hedge funds in the period. For the nine months ended September 30, 2016, returns on the Company's equity, global fixed income and fund of hedge funds portfolios were approximately 6.4%, 4.4% and (0.7)%, respectively, with a total return on cash and invested assets of 4.3%.

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		NINE MONTHS ENDED	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
Premiums written	37,488	3,730	437,820	415,010
Change in unearned premiums written	101,129	104,023	(101,128)	(105,908)
Net premiums earned	138,617	107,753	336,692	309,102
Discount on retrospective premiums receivable	18	46	53	136
Losses and loss expenses incurred	(25,233)	(28,224)	(29,379)	27,690
Acquisition costs	-	(1,121)	(2,100)	(1,121)
Net underwriting income (loss)	113,402	78,454	305,266	335,807
Interest income	18,942	20,370	57,936	61,267
Net gains (losses) on investments	166,938	(243,984)	209,045	(162,635)
Dividend income	7,622	6,134	24,400	22,075
Interest expense and financing costs	(191)	(186)	(562)	(540)
Investment advisory and custodian fees	(7,896)	(11,123)	(23,212)	(34,975)
Net investment income (loss)	185,415	(228,789)	267,607	(114,808)
General and administrative expenses	(4,804)	(4,695)	(14,150)	(14,190)
Net income (loss)	294,013	(155,030)	558,723	206,809

OIL CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(\$'000)	30-Sep-16	31-Dec-15
Assets		
Cash and cash equivalents	862,652	856,421
Investments in marketable securities and derivatives	5,341,725	5,007,213
Other investments	785,965	791,430
Investment sales pending settlement	196,888	38,114
Accrued investment income	21,026	20,526
Amounts due from affiliates	1,894	39
Retrospective premiums receivable	9,847	18,022
Accounts receivable	100,481	65
Other assets	1,878	1,951
Total assets	7,322,356	6,733,781
Liabilities		
Reserve for unearned premiums	101,128	-
Outstanding losses and loss expenses	1,779,782	1,966,489
Retrospective premium payable	7,996	10,100
Premiums received in advance	-	12,193
Securities sold short	408,938	392,636
Investment purchases pending settlement	432,657	109,144
Amounts due to affiliates	3,273	3,009
Accounts payable	11,066	15,889
Total liabilities	2,744,840	2,509,460
Shareholders' equity		
Preferred shares	293,421	293,421
Common shares	560	550
Retained earnings	4,283,535	3,930,350
Total shareholders' equity	4,577,516	4,224,321
Total liabilities and shareholders' equity	7,322,356	6,733,781

OIL INSURANCE LIMITED 3rd QUARTER REPORT 2016

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