



OIL INSURANCE LIMITED
Leaders in Global Energy Insurance

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3rd Quarter Report 2020

OIL INSURANCE LIMITED
3rd QUARTER REPORT 2020
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(\$'000)	30-Sept-20	31-Dec-19
Assets		
Cash and cash equivalents	776,858	526,159
Investments in marketable securities and derivatives	4,931,917	5,000,614
Other investments	720,815	705,907
Investment sales pending settlement	489,741	306,087
Accrued investment income	18,479	18,804
Amounts due from affiliates	434	101
Retrospective premiums receivable	57,524	29,907
Accounts receivable	74,202	1,714
Deferred acquisition costs	36	199
Other assets	2,781	2,655
Total assets	7,072,787	6,592,147
Liabilities		
Reserve for unearned premiums	118,293	-
Outstanding losses and loss expenses	2,159,071	2,068,752
Retrospective premiums payable	666	2,910
Securities sold short	227,973	276,422
Investment purchases pending settlement	855,700	536,503
Amounts due to affiliates	2,163	2,984
Premiums received in advance	2,826	5,553
Accounts payable	212,859	10,643
Total liabilities	3,579,551	2,903,767
Shareholders' equity		
Common shares	590	580
Retained earnings	3,492,646	3,687,800
Total shareholders' equity	3,493,236	3,688,380
Total liabilities and shareholders' equity	7,072,787	6,592,147

OIL INSURANCE LIMITED
3rd QUARTER REPORT 2020
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(000's)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	30-Sept-20	30-Sept-19	30-Sept-20	30-Sept-19
Premiums written	34,422	(33)	505,800	467,554
Change in unearned premiums written	116,130	116,863	(118,293)	(116,862)
Net premiums earned	150,552	116,830	387,507	350,692
Discount on retrospective premiums receivable	91	102	273	307
Losses and loss expenses incurred	(272,033)	(437)	(378,160)	(99,466)
Acquisition costs	(492)	(102)	(1,692)	(1,073)
Net underwriting (loss) income	(121,882)	116,393	7,928	250,460
Interest income	17,936	25,199	58,464	78,383
Net gains (losses) on investments	178,136	8,309	(49,463)	397,146
Dividend income	6,300	6,378	20,474	23,713
Interest expense and financing costs	(68)	(6,258)	(295)	(6,470)
Investment advisory and custodian fees	(6,068)	(6,412)	(18,002)	(20,581)
Net investment income	196,236	27,216	11,178	472,191
General and administrative expenses	(4,556)	(5,324)	(14,260)	(15,170)
Net income	69,798	138,285	4,846	707,481

OIL INSURANCE LIMITED
3rd QUARTER REPORT 2020
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

(\$'000)	30-Sept-20
Capital	
Common shares at beginning of period	580
Common shares issued in period	20
Common shares redeemed in period	(10)
Common shares at end of period	<u>590</u>
Retained earnings	
Retained earnings at beginning of period	3,687,800
Net income for the period	4,846
Common share dividend	(200,000)
Retained earnings at end of period	<u>3,492,646</u>
Total shareholders' equity	<u>3,493,236</u>

SHAREHOLDERS' EQUITY:

During the nine months ended September 30, 2020, shareholders' equity decreased by \$195.2 million to \$3,493.2 million. Net underwriting income of \$7.9 million and net investment income of \$11.2 million was offset by common share dividends of \$200.0 million and general and administrative expenses of \$14.3 million.

INSURANCE OPERATIONS:

During the nine months ended September 30, 2020, gross premiums written totaled \$505.8 million, a \$38.2 million increase from the nine months ended September 30, 2019. Net premiums earned increased from \$350.7 million for the nine months ended September 30, 2019 to \$387.5 million for the nine months ended September 30, 2020. The increase in premiums written and premiums earned in the nine month period ended September 30, 2020, is primarily due to the introduction of four new members to the Company.

Losses and loss expenses incurred totaled \$272.0 million for the three month period ended September 30, 2020. The loss and loss expenses incurred are due to new claims relating to current underwriting year totaling \$249.2 million, new claims relating to prior underwriting years totaling \$3.8 million, an increase of \$5.8 million in current year claims, and an increase of \$7.7 million in prior year claims. Net loss expenses incurred for the three months ended September 30, 2020, totaled \$5.5 million.

Losses and loss expenses incurred totaled \$378.2 million for the nine month period ended September 30, 2020. The loss and loss expenses incurred are due to new claims relating to current underwriting year totaling \$260.0 million, new claims relating to prior underwriting years totaling \$108.2 million, and an increase of \$2.3 million in prior year claims. Net loss expenses incurred for the nine months ended September 30, 2020, totaled \$7.7 million.

INVESTMENTS:

During the three month period ended September 30, 2020, the Company's bond, global equity, and fund of hedge funds portfolios generated favorable returns of 1.6%, 7.2%, and 2.5%, respectively. Including cash, the Company's total invested assets generated a favorable return of 3.5% over the three month period.

During the nine month period ended September 30, 2020, the Company's bond portfolio generated favorable returns of 4.0%, while the global equity and fund of hedge funds portfolios posted negative returns of 4.5% and 2.7%, respectively. Including cash, the Company's total invested assets generated a favorable return of 0.3% over the nine 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.