

OIL CONSOLIDATED STATEMENT OF  
SHAREHOLDERS' EQUITY (UNAUDITED)



(\$'000) 30-Sep-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	748,198
Preferred share dividend	(9,399)
Common share dividend	(250,000)
Retained earnings at end of period	4,221,120

**Total shareholders' equity** 4,515,081



Bertil C. Olsson  
*President & Chief Executive Officer*

## SHAREHOLDERS' EQUITY:

During the nine months ended September 30, 2017, shareholders' equity increased by \$488.8 million to \$4,515.1 million. Underwriting income of \$229.9 million and net investment income of \$532.9 million were offset by common share dividends of \$250.0 million, preferred share dividends of \$9.4 million, and general and administrative expenses of \$14.6 million.

## INSURANCE OPERATIONS:

During the nine months ended September 30, 2017, gross premiums written totaled \$396.4 million, a \$41.4 million decrease from the nine months ended September 30, 2016. Net premiums earned decreased from \$336.7 million for the nine months ended September 30, 2016 to \$297.3 million for the nine months ended September 30, 2017. The decrease in premiums written and earned premiums in the nine month period ended September 30, 2017, is primarily due to withdrawal premiums of \$37.5 million accrued in the 2016 period. During the nine months ended September 31, 2017, the Company did not record any withdrawal premiums.

Losses and loss expenses incurred totaled \$67.4 million for the nine month period ended September 30, 2017. The loss and loss expenses incurred are due to new claims relating to the current underwriting year totaling \$161.4 million offset by a decrease of \$95.9 million in prior year claims. Net loss expenses incurred for the nine months ended September 30, 2017 totaled \$1.9 million.

## INVESTMENTS:

During the nine month period ended September 30, 2017, global equities, bond and fund of hedge funds markets continued to post solid gains. For the nine months ended September 30, 2017, returns on the Company's equity, global fixed income and fund of hedge funds portfolios were approximately 18.8%, 3.7% and 4.4%, respectively, with a total return on cash and invested assets of 8.6%.

## 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, which was paid during the second quarter ended June 30, 2017.

## OIL CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(\$'000)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
Premiums written	38	37,488	396,389	437,820
Change in unearned premiums written	99,068	101,129	(99,068)	(101,128)
Net premiums earned	99,106	138,617	297,321	336,692
Discount on retrospective premiums receivable	(25)	18	(77)	53
Losses and loss expenses incurred	(567)	(25,233)	(67,379)	(29,379)
Acquisition costs	-	-	-	(2,100)
<b>Net underwriting income (loss)</b>	<b>98,514</b>	<b>113,402</b>	<b>229,865</b>	<b>305,266</b>
Interest income	21,601	18,942	64,077	57,936
Net gains (losses) on investments	148,268	166,938	476,307	209,045
Dividend income	6,092	7,622	21,354	24,400
Interest expense and financing costs	(89)	(191)	(217)	(562)
Investment advisory and custodian fees	(7,924)	(7,896)	(28,627)	(23,212)
<b>Net investment income (loss)</b>	<b>167,948</b>	<b>185,415</b>	<b>532,894</b>	<b>267,607</b>
General and administrative expenses	(4,616)	(4,804)	(14,561)	(14,150)
<b>Net income (loss)</b>	<b>261,846</b>	<b>294,013</b>	<b>748,198</b>	<b>558,723</b>

## OIL CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(\$'000)	30-Sep-17	31-Dec-16
<b>Assets</b>		
Cash and cash equivalents	1,016,591	791,980
Investments in marketable securities and derivatives	5,366,994	5,216,520
Other investments	730,857	771,446
Investment sales pending settlement	155,490	62,482
Accrued investment income	20,871	19,057
Amounts due from affiliates	336	42
Retrospective premiums receivable	459	5,276
Accounts receivable	69,930	30,193
Other assets	1,896	1,675
<b>Total assets</b>	<b>7,363,424</b>	<b>6,898,671</b>
<b>Liabilities</b>		
Reserve for unearned premiums	99,068	-
Outstanding losses and loss expenses	2,060,503	2,208,092
Retrospective premium payable	5,932	6,623
Securities sold short	380,759	398,887
Investment purchases pending settlement	286,396	244,287
Amounts due to affiliates	2,602	4,782
Accounts payable	13,083	9,698
<b>Total liabilities</b>	<b>2,848,343</b>	<b>2,872,369</b>
<b>Shareholders' equity</b>		
Preferred shares	293,421	293,421
Common shares	540	560
Retained earnings	4,221,120	3,732,321
<b>Total shareholders' equity</b>	<b>4,515,081</b>	<b>4,026,302</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,363,424</b>	<b>6,898,671</b>

## OIL INSURANCE LIMITED 3<sup>rd</sup> QUARTER REPORT 2017

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