

# THE CONNECTION

## THE OIL GROUP

HAMILTON  
BERMUDA

**01.** The value of your OIL Group membership

**02.** OIL Latest Updates

**03.** OCIL Latest Updates

**OCIL/OIL  
2019 Annual  
Reports Now  
Online**

**Shareholder  
Conference  
and AGM dates  
for 2021:  
March 24 & 25  
in Bermuda**

3 BERMUDIANA ROAD  
HAMILTON HM 08  
BERMUDA

P.O. BOX HM 1751  
HAMILTON HM GX  
BERMUDA

TEL: 441 295 0905  
FAX: 441 295 0351

### The Value of your OIL Group membership

Bertil C. Olsson,  
President & Chief Executive Officer

Welcome to the first edition of THE CONNECTION, a newsletter exclusively for shareholders of OIL and OCIL. THE CONNECTION will keep our shareholder members informed of developments across The OIL Group and help illustrate how your membership provides value for your risk management and insurance needs.

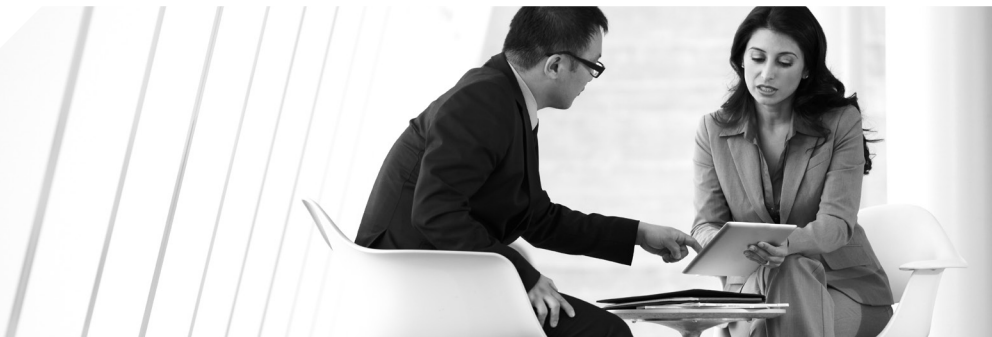
OIL and OCIL were created to offer long-term stable coverage for insureds across the Energy and Natural Resource sectors. Today, our membership spans businesses across these industries – traditional energy companies as well as many on the cutting edge of the industry and leaders of the energy transition. Our mission is to be a dependable long-term partner to all our members. This is more critical than ever in the current market conditions. When other markets are cutting capacity and continue to distance themselves from the energy industries, we remain uniquely dedicated to the sector and will continue to offer substantial capacity across property and casualty lines.

We also recognize the need to adapt as our members' needs change. Over the past several years, we have made changes to our products and enhanced cross collaboration across underwriting teams to ensure we fully leverage the two underwriting platforms – OIL and OCIL – to help our members take advantage of what they can offer. As a result, we have seen a notable change where members have expanded their relationships with the organization. Our reach across the OIL and OCIL membership has now grown to the point where over 50% of member companies have more than one product line with The OIL Group. This is almost a doubling of where we were a few years ago and a good measure of how we bring additional value to our members. Both companies continue to evolve within the framework of our long term strategy. The overriding commitment to the industry is not changing but rather being adapted to our members' needs and the growth of the organization. The development of OCIL's new 5 year strategic plan was completed last year and will, after implementation, open up new distribution channels to benefit existing and new members. OIL is entering its new planning cycle this year and we will keep our members advised as it progresses.

# OIL

LATEST UPDATES

**UNIQUELY POSITIONED  
TO SUPPORT ENERGY  
INDUSTRY**



## OIL embarks on the development of its next 5-year strategic plan

George Hutchings, Chief Operating Officer - OIL

**Highlights:**

United Refining Company (URC) and Pembina Pipeline Corporation (Pembina) joined OIL in June 2020.

Ecopetrol S.A (Ecopetrol) joined in July 2020, bringing the membership count to 60.

We welcome URC, Pembina and Ecopetrol to the OIL family.

The Board of Directors officially commenced the process of developing the company’s next 5-year strategic plan at its July 2020 board meeting. Over the next eight months, OIL’s Management will ask the Board, Shareholders, Advisory Panel and our Outside Partners to contribute to its development.

Our goal is to build a strategic plan that Management will initially present to the Board in July, 2021 with final approval sought at the December, 2021 Board meeting.

In many ways, this is a very important strategic plan for the company. The Energy Industry has already begun a transformational shift towards a lower carbon-based future while the Energy Insurance Industry is also taking steps in its own way. OIL is in a unique position to “aide”, “assist” and “support” its members in that transition versus the more confrontational approach other capital providers are taking.

Regardless, whatever route our members end up pursuing, OIL will work hand-in-hand with the Energy Industry to facilitate this transition. OIL’s Management believes this strategic plan will play a critical role in the commencement of this evolutionary process.

**Decade Milestones:**

23 new members  
against 4 departures

Shareholders equity  
has grown 28.6%

Limit increased 60%  
or \$150M

Dividends declared  
of \$2.3 Billion

\$5.4 Billion of claims paid

# OCIL

LATEST UPDATE

## HISTORIC INCREASE IN MEMBERSHIP

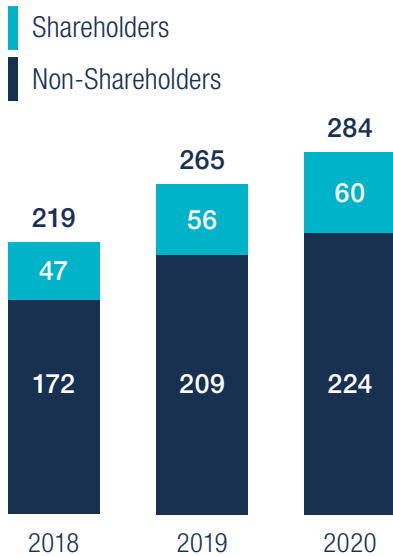


## “The Mutual concept shines during markets like these”

Jerry Rivers, Chief Operating Officer - OCIL

Highlights: \_\_\_\_\_

### Property & Liability Insured Counts by Year



I am happy to report that OCIL has seen a historic increase in membership over the past 12 months; increasing from 47 at year-end 2018 to 56 at year-end 2019. This far in 2020, an additional 4 have become shareholders. As one would expect, there have been a few shareholder departures primarily due to M&A activity. There are now 60 shareholders of OCIL.

### Why the Growth in Shareholders?

There has been a noticeable reduction in available property and liability limits in the various Energy sectors. This is the result of several forces at work:

- Clients in the ESG headlights; mining, E&P, R&M, and utilities
- Lloyd’s market syndicates that have ceased operations or terminated direct insurance offerings
- Poor underwriting returns by traditional excess property and liability carriers; resulting in reduction in limits and increased rates
- Increases in the cost of reinsurance

### Satisfying the Vision

While OCIL is not immune from some of these same factors, one thing that separated OCIL from the traditional insurance market is our steadfast vision

to be a recognized expert and provider of reliable risk transfer solutions for the global energy industry.

OCIL has been deploying more limits for those insureds that are in need, subject to our maximum cap of \$75 million on liability and \$50 million on property. This is, as stated, at a time when the traditional market carriers are cutting back limits. This demonstrates that the Mutual concept shines during markets like these.

To ensure alignment of interests, OCIL is reserving its maximum excess liability limits of \$75 million for Shareholders. Non-shareholder insureds are capped at limits of \$50 million.

### OCIL assists OIL Shareholder

Another area in which OCIL provided assistance was by deploying additional limits for a property insured purchasing an “OIL Wrap” from the commercial market. Although several conventional carriers were reluctant to offer the business interruption drop down and attach property limits excess of OIL, OCIL provided increased limits to the insured allowing them to complete the OIL Wrap with the limits that they needed.