

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

OXBRIDGE RE HOLDINGS Ltd

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2020

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-36346

OXBRIDGE RE HOLDINGS LIMITED

(Exact name of registrant as specified in its charter)

<u>Cayman Islands</u> (State or other jurisdiction of incorporation or organization)	<u>98-1150254</u> (I.R.S. Employer Identification No.)
<u>Suite 20142 Edward Street, Georgetown P.O. Box 469 Grand Cayman, Cayman Islands</u> (Address of principal executive offices)	<u>KY1-9006</u> (Zip Code)

Registrant's telephone number, including area code: (345) 749-7570

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days..

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	
Non-accelerated filer	<u>Smaller reporting company</u>	<u>X</u>
Emerging growth company		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. _____

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of November 10, 2020; 5,733,587 ordinary shares, par value \$0.001 per share, were outstanding.

OXBRIDGE RE HOLDINGS LIMITED

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets
(expressed in thousands of U.S. Dollars, except per share and share amounts)

	At September 30, 2020 (Unaudited)	At December 31, 2019
Assets		
Equity securities, at fair value (cost of \$1,001 and \$715 respectively)	\$ 635	692
Cash and cash equivalents	5,686	5,962
Restricted cash and cash equivalents	1,693	2,054
Accrued interest and dividend receivable	1	12
Premiums receivable	692	506
Deferred policy acquisition costs	72	48
Operating lease right-of-use assets	242	133
Prepayment and other assets	69	79
Property and equipment, net	16	9
Total assets	<u>\$ 9,106</u>	<u>9,495</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Notes payable	\$ 216	600
Unearned premiums reserve	658	440
Operating lease liabilities	243	133
Accounts payable and other liabilities	154	279
Total liabilities	<u>1,271</u>	<u>1,452</u>
Shareholders' equity:		
Ordinary share capital, (par value \$0.001, 50,000,000 shares authorized; 5,733,587 shares issued and outstanding)	6	6
Additional paid-in capital	32,286	32,262
Accumulated Deficit	(24,457)	(24,225)
Total shareholders' equity	<u>7,835</u>	<u>8,043</u>
Total liabilities and shareholders' equity	<u>\$ 9,106</u>	<u>9,495</u>

The accompanying Notes to Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)
(expresses in thousands of U.S. Dollars, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenue				
Assumed premiums	\$ -	-	864	1,116
Change in unearned premiums reserve	247	279	(218)	(744)
Net premiums earned	247	279	646	372
Net investment and other income	32	54	90	182
Net realized investment (losses)/gains	(2)	-	325	3
Change in fair value of equity securities	(18)	17	(343)	20
Total revenue	259	350	718	577
Expenses				
Policy acquisition costs and underwriting expenses	27	31	71	41
General and administrative expenses	239	264	767	808
Total expenses	266	295	838	849
(Loss)/Income before income attributable to noteholders	(7)	55	(120)	(272)
Income attributable to noteholders	(26)	(70)	(112)	(94)
Net loss	\$ (33)	(15)	(232)	(366)
Loss per share				
Basic and Diluted	\$ (0.01)	(0.00)	(0.04)	(0.06)
Weighted-average shares outstanding				
Basic and Diluted	5,733,587	5,733,587	5,733,587	5,733,587
Dividends paid per share	\$ -	-	-	-

The accompanying Notes to Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Statements of Comprehensive Loss
(Unaudited)
(expressed in thousands of U.S. Dollars)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Net loss	\$ (33)	(15)	(232)	(366)
Other comprehensive loss:				
Change in unrealized loss on investments:				
Unrealized gain arising during the period	-	-	-	1
Reclassification adjustment for net realized investment gains included in net loss	-	-	-	(3)
Net change in unrealized loss	-	-	-	(2)
Total other comprehensive loss	-	-	-	(2)
Comprehensive loss	\$ (33)	(15)	(232)	(368)

The accompanying Notes to Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)
(expressed in thousands of U.S. Dollars)

	Nine Months Ended September 30,	
	2020	2019
Operating activities		
Net loss	\$ (232)	(366)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	24	27
Depreciation and amortization	7	7
Net realized investment gains	(325)	(3)
Change in fair value of equity securities	343	(20)
Change in operating assets and liabilities:		
Accrued interest and dividend receivable	11	4
Premiums receivable	(186)	(837)
Deferred policy acquisition costs	(24)	(82)
Net change in operating leases	1	-
Prepayment and other assets	10	1
Reserve for losses and loss adjustment expenses	-	(4,001)
Unearned premiums reserve	218	744
Accounts payable and other liabilities	(125)	87
Net cash used in operating activities	\$ (278)	(4,439)
Investing activities		
Purchase of equity securities	(2,390)	(402)
Proceeds from sale of equity securities	2,429	-
Proceeds from sale of fixed-maturity securities	-	994
Purchase of property and equipment	(14)	-
Net cash provided by investing activities	\$ 25	592
Financing activities		
Proceeds on issuance of notes	216	600
Redemption of notes	(600)	-
Net cash (used in)/provided by financing activities	\$ (384)	600

(continued)

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Statements of Cash Flows, continued
(Unaudited)
(expressed in thousands of U.S. Dollars)

	Nine Months Ended September 30,	
	2020	2019
Cash and cash equivalents, and restricted cash and cash equivalents:		
Net change during the period	(637)	(3,247)
Balance, beginning of period	8,016	11,299
Balance, end of period	\$ 7,379	8,052
Supplemental disclosure of cash flow information		
Interest paid	-	-
Income taxes paid	-	-
Non-cash investing activities		
Net change in unrealized gain on securities available for sale	-	(2)
Operating lease right-of-use assets	169	140
Operating lease liabilities	169	140

The accompanying Notes to Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Statements of Changes in Shareholders' Equity (unaudited)
Three and Nine Months Ended September 30, 2020 and 2019
(expressed in thousands of U.S. Dollars, except share amounts)

	Ordinary Share Capital		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
	Shares	Amount				
Balance at December 31, 2018	5,733,587	6	32,226	(23,920)	2	8,314
Net loss for the period	-	-	-	(146)	-	(146)
Stock-based compensation	-	-	9	-	-	9
Total other comprehensive loss	-	-	-	-	(2)	(2)
Balance at March 31, 2019	5,733,587	6	32,235	(24,066)	-	8,175
Net loss for the period	-	-	-	(205)	-	(205)
Stock-based compensation	-	-	9	-	-	9
Balance at June 30, 2019	5,733,587	6	32,244	(24,271)	-	7,979
Net loss for the period	-	-	-	(15)	-	(15)
Stock-based compensation	-	-	9	-	-	9
Balance at September 30, 2019	5,733,587	6	32,253	(24,286)	-	7,973
Balance at December 31, 2019	5,733,587	6	32,262	(24,225)	-	8,043
Net loss for the period	-	-	-	(364)	-	(364)
Stock-based compensation	-	-	8	-	-	8
Balance at March 31, 2020	5,733,587	6	32,270	(24,589)	-	7,687
Net income for the period	-	-	-	165	-	165
Stock-based compensation	-	-	8	-	-	8
Balance at June 30, 2020	5,733,587	6	32,278	(24,424)	-	7,860
Net loss for the period	-	-	-	(33)	-	(33)
Stock-based compensation	-	-	8	-	-	8
Balance at September 30, 2020	5,733,587	6	32,286	(24,457)	-	7,835

The accompanying Notes to Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

1. ORGANIZATION AND BASIS OF PRESENTATION

(a) Organization

Oxbridge Re Holdings Limited (the "Company") was incorporated as an exempted company on April 4, 2013 under the laws of the Cayman Islands. Oxbridge Re Holdings Limited owns 100% of the equity interest in Oxbridge Reinsurance Limited, an exempted entity incorporated on April 23, 2013 under the laws of the Cayman Islands and for which a Class "C" Insurer's license was granted on April 29, 2013 under the provisions of the Cayman Islands Insurance Law. Oxbridge Re Holdings Limited also owns 100% of the equity interest in Oxbridge Re NS, an entity incorporated as an exempted company on December 22, 2017 under the laws of the Cayman Islands to function as a reinsurance sidecar facility and to increase the underwriting capacity of Oxbridge Reinsurance Limited. The Company, through its subsidiaries (collectively "Oxbridge Re") provides collateralized reinsurance in the property catastrophe market and invests in various insurance-linked securities. The Company operates as a single business segment through its wholly-owned subsidiaries. The Company's headquarters and principal executive offices are located at Suite 201, 42 Edward Street, Georgetown, Grand Cayman, Cayman Islands, and have their registered offices at P.O. Box 309, Ugland House, Grand Cayman, Cayman Islands.

The Company's ordinary shares and warrants are listed on The NASDAQ Capital Market under the symbols "OXBR" and "OXBRW," respectively.

(b) Basis of Presentation and Consolidation

The accompanying unaudited, consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information, and the Securities and Exchange Commission ("SEC") rules for interim financial reporting. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations. However, in the opinion of management, the accompanying interim consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the Company's consolidated financial position as of September 30, 2020 and the consolidated results of operations and cash flows for the periods presented. The consolidated results of operations for interim periods are not necessarily indicative of the results of operations to be expected for any subsequent interim period or for the fiscal year ended December 31, 2020. The accompanying unaudited consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019 included in the Company's Form 10-K, which was filed with the SEC on March 23, 2020.

In preparing the interim unaudited consolidated financial statements, management was required to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures at the financial reporting date and throughout the periods being reported upon. Certain of the estimates result from judgments that can be subjective and complex and consequently actual results may differ from these estimates, which would be reflected in future periods.

Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the reserve for losses and loss adjustment expenses, which include amounts estimated for claims incurred but not yet reported. The Company uses various assumptions and actuarial data it believes to be reasonable under the circumstances to make these estimates. In addition, accounting policies specific to valuation of investments and assessment of other-than-temporary impairment ("OTTI") involve significant judgments and estimates material to the Company's consolidated financial statements. Although considerable variability is likely to be inherent in these estimates, management believes that any amounts provided are reasonable. These estimates are continually reviewed and adjusted if necessary. Such adjustments are reflected in current operations.

The Company consolidates in these consolidated financial statements the results of operations and financial position of all voting interest entities ("VOE") in which the Company has a controlling financial interest and all variable interest entities ("VIE") in which the Company is considered to be the primary beneficiary. The consolidation assessment, including the determination as to whether an entity qualifies as a VIE or VOE, depends on the facts and circumstances surrounding each entity.

All significant intercompany balances and transactions have been eliminated.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents: Cash and cash equivalents are comprised of cash and short-term investments with original maturities of three months or less.

Restricted cash and cash equivalents: Restricted cash and cash equivalents represent funds held in accordance with the Company's trust agreements with ceding insurers and trustees, which requires the Company to maintain collateral with a market value greater than or equal to the limit of liability, less unpaid premium.

Investments: The Company from time to time invests in fixed-maturity securities and equity securities, and for which its fixed-maturity securities are classified as available-for-sale. The Company's available for sale investments are carried at fair value with changes in fair value included as a separate component of accumulated other comprehensive loss in shareholders' equity. For the Company's investment in equity securities, the changes in fair value are recorded within the consolidated statements of operations.

Unrealized gains or losses are determined by comparing the fair market value of the securities with their cost or amortized cost. Realized gains and losses on investments are recorded on the trade date and are included in the consolidated statements of operations. The cost of securities sold is based on the specified identification method. Investment income is recognized as earned and discounts or premiums arising from the purchase of debt securities are recognized in investment income using the interest method over the remaining term of the security.

The Company reviews fixed-maturity securities, if any, for OTTI on a quarterly basis and more frequently when economic or market conditions warrant such review. When the fair value of any investment is lower than its cost, an assessment is made to see whether the decline is temporary or other-than-temporary. If the decline is determined to be other-than-temporary the investment is written down to fair value and an impairment charge is recognized in operations in the period in which the Company makes such determination. For a fixed-maturity security that the Company does not intend to sell nor is it more likely than not that the Company will be required to sell before recovery of its amortized cost, only the credit loss component is recognized in operations, while impairment related to all other factors is recognized in other comprehensive income. The Company considers various factors in determining whether an individual security is other-than-temporarily impaired.

2. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fair value measurement: GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are as follows:

- | | |
|---------|---|
| Level 1 | Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date; |
| Level 2 | Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and |
| Level 3 | Inputs that are unobservable. |

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. For fixed maturity securities, inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, broker quotes for similar securities and other factors. The fair value of investments in stocks and exchange-traded funds is based on the last traded price. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Company's investment custodians. The investment custodians consider observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant markets. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument.

Derivative Financial Instruments: The Company from time to time, may enter into underwriting contracts such as industry loss warranty contracts ("ILW") that are treated as derivatives for GAAP purposes. GAAP requires that an entity recognize all derivatives in the consolidated balance sheet at fair value. It also requires that unrealized gains and losses resulting from changes in fair value be included in operations or comprehensive income (loss). The Company did not have any derivative financial assets nor derivative financial liabilities at September 30, 2020 or December 31, 2019.

Deferred policy acquisition costs ("DAC"): Policy acquisition costs consist of brokerage fees, federal excise taxes and other costs related directly to the successful acquisition of new or renewal insurance contracts and are deferred and amortized over the terms of the reinsurance agreements to which they relate. The Company evaluates the recoverability of DAC by determining if the sum of future earned premiums and anticipated investment income is greater than the expected future claims and expenses. If a loss is probable on the unexpired portion of policies in force, a premium deficiency loss is recognized. At September 30, 2020, the DAC was considered fully recoverable and no premium deficiency loss was recorded.

2. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Property and equipment: Property and equipment are recorded at cost when acquired. Property and equipment are comprised of motor vehicles, furniture and fixtures, computer equipment and leasehold improvements and are depreciated and amortized, using the straight-line method, over their estimated useful lives, which are five years for furniture and fixtures and computer equipment and four years for motor vehicles. Leasehold improvements are amortized over the lesser of the estimated useful lives of the assets or remaining lease term. The Company periodically reviews property and equipment that have finite lives, and that are not held for sale, for impairment by comparing the carrying value of the assets to their estimated future undiscounted cash flows. For the three-month and nine-month periods ended September 30, 2020 and 2019, there were no impairments in property and equipment.

Allowance for uncollectible receivables: Management evaluates credit quality by evaluating the exposure to individual counterparties; where warranted management also considers the credit rating or financial position, operating results and/or payment history of the counterparty. Management establishes an allowance for amounts for which collection is considered doubtful. Adjustments to previous assessments are recognized as income in the year in which they are determined. At September 30, 2020, no receivables were determined to be overdue or impaired and, accordingly, no allowance for uncollectible receivables has been established.

Reserves for losses and loss adjustment expenses: The Company determines its reserves for losses and loss adjustment expenses, if any, on the basis of the claims reported by the Company's ceding insurers and for losses incurred but not reported ("IBNR"), management uses the assistance of an independent actuary. The reserves for losses and loss adjustment expenses represent management's best estimate of the ultimate settlement costs of all losses and loss adjustment expenses. Management believes that the amounts are adequate; however, the inherent impossibility of predicting future events with precision, results in uncertainty as to the amount which will ultimately be required for the settlement of losses and loss expenses, and the differences could be material. Adjustments are reflected in the consolidated statements of operations in the period in which they are determined.

Loss experience refund payable: Certain contracts may include retrospective provisions that adjust premiums or result in profit commissions in the event losses are minimal or zero. In accordance with GAAP, the Company will recognize a liability in the period in which the absence of loss experience obligates the Company to pay cash or other consideration under the contracts. On the contrary, the Company will derecognize such liability in the period in which a loss experience arises. Such adjustments to the liability, which accrue throughout the contract terms, will reduce the liability should a catastrophic loss event covered by the Company occur.

Premiums assumed: The Company records premiums assumed, net of loss experience refunds, as earned pro-rata over the terms of the reinsurance agreements, or period of risk, where applicable, and the unearned portion at the consolidated balance sheet date is recorded as unearned premiums reserve. A reserve is made for estimated premium deficiencies to the extent that estimated losses and loss adjustment expenses exceed related unearned premiums. Investment income is not considered in determining whether or not a deficiency exists.

Subsequent adjustments of premiums assumed, based on reports of actual premium by the ceding companies, or revisions in estimates of ultimate premium, are recorded in the period in which they are determined. Such adjustments are generally determined after the associated risk periods have expired, in which case the premium adjustments are fully earned when assumed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Certain contracts may allow for reinstatement premiums in the event of a full limit loss prior to the expiration of the contract. A reinstatement premium is not due until there is a full limit loss event and therefore, in accordance with GAAP, the Company records a reinstatement premium as written only in the event that the reinsured incurs a full limit loss on the contract and the contract allows for a reinstatement of coverage upon payment of an additional premium. For catastrophe contracts which contractually require the payment of a reinstatement premium equal to or greater than the original premium upon the occurrence of a full limit loss, the reinstatement premiums are earned over the original contract period. Reinstatement premiums that are contractually calculated on a pro-rata basis of the original premiums are earned over the remaining coverage period.

Unearned Premiums Ceded: The Company reduces the risk of future losses on business assumed by reinsuring certain risks and exposures with other reinsurers (retrocessionaires). The Company remains liable to the extent that any retrocessionaire fails to meet its obligations and to the extent that the Company does not hold sufficient security for their unpaid obligations.

Ceded premiums are written during the period in which the risk incept and are expensed over the contract period in proportion to the period of protection. Unearned premiums ceded consist of the unexpired portion of the reinsurance obtained.

Uncertain income tax positions: The authoritative GAAP guidance on accounting for, and disclosure of, uncertainty in income tax positions requires the Company to determine whether an income tax position of the Company is more likely than not to be sustained upon examination by the relevant tax authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For income tax positions meeting the more likely than not threshold, the tax amount recognized in the consolidated financial statements, if any, is reduced by the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. The application of this authoritative guidance has had no effect on the Company's consolidated financial statements because the Company had no uncertain tax positions at September 30, 2020.

Loss Per Share: Basic loss per share has been computed on the basis of the weighted-average number of ordinary shares outstanding during the periods presented. Diluted loss per share is computed based on the weighted-average number of ordinary shares outstanding and reflects the assumed exercise or conversion of diluted securities, such as stock options and warrants, computed using the treasury stock method.

2. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Stock-Based Compensation: The Company accounts for stock-based compensation under the fair value recognition provisions of GAAP which requires the measurement and recognition of compensation for all stock-based awards made to employees and directors, including stock options and restricted stock issuances based on estimated fair values. The Company measures compensation for restricted stock based on the price of the Company's ordinary shares at the grant date. Determining the fair value of stock options at the grant date requires significant estimation and judgment. The Company uses an option-pricing model (Black-Scholes option pricing model) to assist in the calculation of fair value for stock options. The Company's shares have not been publicly traded for a sufficient length of time to solely use the Company's performance to reasonably estimate the expected volatility. Therefore, when estimating the expected volatility, the Company takes into consideration the historical volatility of similar entities. The Company considers factors such as an entity's industry, stage of life cycle, size and financial leverage when selecting similar entities. The Company may use a sample peer group of companies in the reinsurance industry and/or the Company's own historical volatility in determining the expected volatility. Additionally, the Company uses the full life of the options, ten years, as the estimated term of the options, and has assumed no forfeitures during the life of the options.

The Company uses the straight-line attribution method for all grants that include only a service condition. Compensation expense related to all awards is included in general and administrative expenses.

Pending Accounting Updates:

Accounting Standards Update ("ASU") No. 2016-13. In September 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments" ("ASU 2016-13"). ASU 2016-13 amends the guidance on reporting credit losses and affects loans, debt securities, trade receivables, reinsurance recoverable and other financial assets that have the contractual right to receive cash. The amendments are effective for annual periods beginning after December 15, 2022 (as amended), and interim periods within those annual periods. The Company is in the process of evaluating the impact of the requirements of ASU 2016-13 on the Company's consolidated financial statements.

Segment Information: Under GAAP, operating segments are based on the internal information that management uses for allocating resources and assessing performance as the source of the Company's reportable segments. The Company manages its business on the basis of one operating segment, Property and Casualty Reinsurance, in accordance with the qualitative and quantitative criteria established under GAAP.

Reclassifications: Any reclassifications of prior period amounts have been made to conform to the current period presentation.

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements (unaudited)
September 30, 2020

3. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS

	At September 30, 2020	At December 31, 2019
	(in thousands)	
Cash on deposit	\$ 3,438	\$ 3,456
Cash held with custodians	2,248	2,506
Restricted cash held in trust	1,693	2,054
Total	\$ 7,379	\$ 8,016

Cash and cash equivalents are held by large and reputable counterparties in the United States of America and in the Cayman Islands. Restricted cash held in trust is custodied with Truist Bank and is held in accordance with the Company's trust agreements with the ceding insurers and trustees, which require that the Company provide collateral having a market value greater than or equal to the limit of liability, less unpaid premium.

4. INVESTMENTS

The Company from time to time invests in fixed-maturity securities and equity securities. At September 30, 2020 and December 31, 2019, the Company did not hold any available-for-sale debt securities.

Proceeds received, and the gross realized gains and losses from sales of available-for-sale fixed-maturity securities, and equity securities, for the three and nine months ended September 30, 2020 and nine months ended September 30, 2019 were as follows:

	Gross proceeds from sales	Gross Realized Gains	Gross Realized Losses
	(\$ in thousands)		
<i>Three Months Ended September 30, 2020</i>			
Equity securities	\$ 294	\$ -	\$ (2)
<i>Nine Months Ended September 30, 2020</i>			
Equity securities	\$ 2,429	\$ 327	\$ (2)
<i>Nine Months Ended September 30, 2019</i>			
Available-for-sale fixed-maturity securities	\$ 994	\$ 3	\$ -

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements (unaudited)
September 30, 2020

4. INVESTMENTS (continued)

Assets Measured at Estimated Fair Value on a Recurring Basis

The following table presents information about the Company's financial assets measured at estimated fair value on a recurring basis that is reflected in the consolidated balance sheets at carrying value. The table indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value as of September 30, 2020 and December 31, 2019:

	Fair Value Measurements Using			Total
	(Level 1)	(Level 2)	(Level 3)	
(\$ in thousands)				
As of September 30, 2020				
Financial Assets:				
<i>Cash and cash equivalents</i>	\$ 5,686	\$ -	\$ -	\$ 5,686
<i>Restricted cash and cash equivalents</i>	\$ 1,693	\$ -	\$ -	\$ 1,693
Total equity securities	\$ 635	\$ -	\$ -	\$ 635
Total	<u>\$ 8,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,014</u>
As of December 31, 2019				
Financial Assets:				
<i>Cash and cash equivalents</i>	\$ 5,962	\$ -	\$ -	\$ 5,962
<i>Restricted cash and cash equivalents</i>	\$ 2,054	\$ -	\$ -	\$ 2,054
Total equity securities	\$ 692	\$ -	\$ -	\$ 692
Total	<u>\$ 8,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,708</u>

There were no transfers between Levels 1, 2 and 3 during the three and nine months ended September 30, 2020 and 2019.

5. TAXATION

Under current Cayman Islands law, no corporate entity, including the Company and the subsidiaries, is obligated to pay taxes in the Cayman Islands on either income or capital gains. The Company and its subsidiaries have an undertaking from the Governor-in-Cabinet of the Cayman Islands, pursuant to the provisions of the Tax Concessions Law, as amended, that, in the event that the Cayman Islands enacts any legislation that imposes tax on profits, income, gains or appreciations, or any tax in the nature of estate duty or inheritance tax, such tax will not be applicable to the Company and its subsidiaries or their operations, or to the ordinary shares or related obligations, until April 23, 2033 and May 17, 2033, respectively.

The Company and its subsidiaries intend to conduct substantially all of their operations in the Cayman Islands in a manner such that they will not be engaged in a trade or business in the U.S. However, because there is no definitive authority regarding activities that constitute being engaged in a trade or business in the U.S. for federal income tax purposes, the Company cannot assure that the U.S. Internal Revenue Service will not contend, perhaps successfully, that the Company or its subsidiary is engaged in a trade or business in the U.S. A foreign corporation deemed to be so engaged would be subject to U.S. federal income tax, as well as branch profits tax, on its income that is treated as effectively connected with the conduct of that trade or business unless the corporation is entitled to relief under an applicable tax treaty.

6. VARIABLE INTEREST ENTITIES

Oxbridge Re NS. On December 22, 2017, the Company established Oxbridge Re NS, a Cayman domiciled and licensed special purpose insurer, formed to provide additional collateralized capacity to support Oxbridge Reinsurance Limited's reinsurance business. In respect of the debt issued by Oxbridge Re NS to investors, Oxbridge Re NS has entered into retrocession agreements with Oxbridge Reinsurance Limited on June 1, 2020 and June 1, 2019. Under these agreements, Oxbridge Re NS receives a quota share of Oxbridge Reinsurance Limited's catastrophe business. Oxbridge Re NS is a non-rated insurer and the risks have been fully collateralized by way of funds held in trust for the benefit of Oxbridge Reinsurance Limited. Oxbridge Re NS is able to provide investors with access to diversified natural catastrophe risk backed by the distribution, underwriting, analysis and research expertise of Oxbridge Re.

The Company has determined that Oxbridge Re NS meets the definition of a VIE as it does not have sufficient equity capital to finance its activities. The Company concluded that it is the primary beneficiary and has consolidated the subsidiary upon its formation, as it owns 100% of the voting shares, 100% of the issued share capital and has a significant financial interest and the power to control the activities of Oxbridge Re NS that most significantly impacts its economic performance. The Company has no other obligation to provide financial support to Oxbridge Re NS. Neither the creditors nor beneficial interest holders of Oxbridge Re NS have recourse to the Company's general credit.

Upon issuance of a series of participating notes by Oxbridge Re NS, all of the proceeds from the issuance are deposited into collateral accounts, to fund any potential obligation under the reinsurance agreements entered into with Oxbridge Reinsurance Limited underlying such series of notes. The outstanding principal amount of each series of notes generally is expected to be returned to holders of such notes upon the expiration of the risk period underlying such notes, unless an event occurs which causes a loss under the applicable series of notes, in which case the amount returned is expected to be reduced by such noteholder's pro rata share of such loss, as specified in the applicable governing documents of such notes.

6. VARIABLE INTEREST ENTITIES (continued)

In addition, holders of such notes are generally entitled to interest payments, payable annually, as determined by the applicable governing documents of each series of notes. Oxbridge Re Holdings Limited receives an origination and structuring fee in connection with the formation, operation and management of Oxbridge Re NS.

Notes Payable to Series 2020-1 noteholders

Oxbridge Re NS entered into a retrocession agreement with Oxbridge Reinsurance Ltd on June 1, 2020 and issued \$216 thousand of participating notes which provides quota share support for Oxbridge Re's global property catastrophe excess of loss reinsurance business. The participating notes have been assigned Series 2020-1 and are due to mature on June 1, 2023. None of the participating notes were redeemed during the period ending September 30, 2020.

The income from Oxbridge Re NS operations that are attributable to the participating notes noteholders for the three and nine month ended September 30, 2020 was \$26,000 and \$34,000 respectively and are included within accounts payable and other liabilities as at September 30, 2020.

Notes Payable to Series 2019-1 noteholders

Oxbridge Re NS entered into a retrocession agreement with Oxbridge Reinsurance Ltd on June 1, 2019 and issued \$600 thousand of participating notes which provides quota share support for Oxbridge Re's global property catastrophe excess of loss reinsurance business. The participating notes were assigned Series 2019-1 and were due to mature on June 1, 2022. However, the participating notes were all redeemed during the period ending June 30, 2020.

The income from Oxbridge Re NS operations that were attributable to the participating notes noteholders for the three months ended September 30, 2019 was \$70,000. The income from Oxbridge Re NS operations that were attributable to the participating notes noteholders for the nine months ended September 30, 2020 and September 30, 2019 was \$78,000 and \$94,000 respectively. The income attributable to the participating notes noteholders for the three and nine-month periods ended September 30, 2019 were included within accounts payable and other liabilities as at September 30, 2019.

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements (unaudited)
September 30, 2020

7. RESERVE FOR LOSSES AND LOSS ADJUSTMENT EXPENSES

The following table summarizes the Company's loss and loss adjustment expenses ("LAE") and the reserve for loss and LAE reserve movements for the three and nine-month periods ending September 30, 2020 and 2019:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(\$ in thousands)		(\$ in thousands)	
Balance, beginning of period	\$ -	107	\$ -	4,108
Incurring related to:				
Current period	-	-	-	-
Prior period	-	-	-	-
Total incurred	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Paid related to:				
Current period	-	-	-	-
Prior period	-	-	-	(4,001)
Total paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,001)</u>
Balance, end of period	<u>\$ -</u>	<u>107</u>	<u>\$ -</u>	<u>107</u>

The reserves for losses and LAE are comprised of case reserves (which are based on claims that have been reported) and IBNR reserves (which are based on losses that are believed to have occurred but for which claims have not yet been reported and include a provision for expected future development on existing case reserves). The Company uses the assistance of an independent actuary in the determination of IBNR and expected future development of existing case reserves.

The uncertainties inherent in the reserving process and potential delays by cedants and brokers in the reporting of loss information, together with the potential for unforeseen adverse developments, may result in the reserve for losses and LAE ultimately being significantly greater or less than the reserve provided at the end of any given reporting period. The degree of uncertainty is further increased when a significant loss event takes place near the end of a reporting period. Reserve for losses and LAE estimates are reviewed periodically on a contract by contract basis and updated as new information becomes known. Any resulting adjustments are reflected in income in the period in which they become known.

The Company's reserving process is highly dependent on the timing of loss information received from its cedants and related brokers.

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements (unaudited)
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8. LOSS PER SHARE

A summary of the numerator and denominator of the basic and diluted loss per share is presented below (dollars in thousands except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Numerator:				
Net loss	\$ (33)	(15)	\$ (232)	(366)
Denominator:				
Weighted average shares - basic	5,733,587	5,733,587	5,733,587	5,733,587
Effect of dilutive securities - Stock options	-	-	-	-
Shares issuable upon conversion of warrants	-	-	-	-
Weighted average shares - diluted	5,733,587	5,733,587	5,733,587	5,733,587
Loss per share - basic	\$ (0.01)	(0.00)	\$ (0.04)	(0.06)
Loss per share - diluted	\$ (0.01)	(0.00)	\$ (0.04)	(0.06)

For the three and nine-month periods ended September 30, 2020 and 2019, options to purchase 540,000 ordinary shares were anti-dilutive due to net loss during the periods presented.

For the three and nine-month periods ended September 30, 2020 and 2019, 8,230,700 warrants to purchase an aggregate of 8,230,700 ordinary shares were anti-dilutive due to net loss during the periods presented.

GAAP requires the Company to use the two-class method in computing basic loss per share since holders of the Company's restricted stock have the right to share in dividends, if declared, equally with common stockholders. These participating securities effect the computation of both basic and diluted loss per share during periods of net loss.

9. SHAREHOLDERS' EQUITY

On February 28, 2014, the Company's Registration Statement on Form S-1, as amended, relating to the initial public offering of the Company's units was declared effective by the SEC. The Registration Statement covered the offer and sale by the Company of 4,884,650 units, each consisting of one ordinary share and one warrant ("Unit"), which were sold to the public on March 26, 2014 at a price of \$6.00 per Unit. The ordinary shares and warrants comprising the Units began separate trading on May 9, 2014. The ordinary shares and warrants are traded on the Nasdaq Capital Market under the symbols "OXBR" and "OXBRW," respectively. One warrant may be exercised to acquire one ordinary share at an exercise price equal to \$7.50 per share on or before March 26, 2024, as amended. At any time after September 26, 2014 and before the expiration of the warrants, the Company at its option may cancel the warrants in whole or in part, provided that the closing price per ordinary share has exceeded \$9.38 for at least ten trading days within any period of twenty consecutive trading days, including the last trading day of the period.

The initial public offering resulted in aggregate gross proceeds to the Company of approximately \$29.3 million (of which approximately \$5 million related to the fair value proceeds on the warrants issued) and net proceeds of approximately \$26.9 million after deducting underwriting commissions and offering expenses.

There were 8,230,700 warrants outstanding at September 30, 2020 and 2019. No warrants were exercised during the three and nine-month periods ended September 30, 2020 and 2019.

As of September 30, 2020, none of the Company's retained earnings were restricted from payment of dividends to the company's shareholders. However, since most of the Company's capital and retained earnings may be invested in its subsidiaries, a dividend from the subsidiaries would likely be required in order to fund a dividend to the Company's shareholders and would require notification to the Cayman Islands Monetary Authority ("CIMA").

Under Cayman Islands law, the use of additional paid-in capital is restricted, and the Company will not be allowed to pay dividends out of additional paid-in capital if such payments result in breaches of the prescribed and minimum capital requirement.

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements (unaudited)
September 30, 2020

10. SHARE-BASED COMPENSATION

The Company currently has outstanding stock-based awards granted under the 2014 Omnibus Incentive Plan (the "Plan"). Under the Plan, the Company has discretion to grant equity and cash incentive awards to eligible individuals, including the issuance of up to 1,000,000 of the Company's ordinary shares. At September 30, 2020, there were 400,000 shares available for grant under the Plan.

Stock options

Stock options granted and outstanding under the Plan vests quarterly over four years and are exercisable over the contractual term of ten years.

A summary of the stock option activity for the three and nine-month periods ended September 30, 2020 and 2019 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2020	540,000	\$ 3.86		
Outstanding at March 31, 2020	540,000	\$ 3.86	7.1 years	\$ -
Outstanding at June 30, 2020	540,000	\$ 3.86	6.9 years	\$ -
Outstanding at September 30, 2020	540,000	\$ 3.86	6.6 years	\$ -
Exercisable at September 30, 2020	374,688	\$ 4.65	5.9 years	\$ -
Outstanding at January 1, 2019	250,000	\$ 6.01		
Granted	290,000	\$ 2.00		
Outstanding at March 31, 2019	540,000	\$ 3.86	8.1 years	\$ -
Outstanding at June 30, 2019	540,000	\$ 3.86	7.9 years	\$ -
Outstanding at September 30, 2019	540,000	\$ 3.86	7.6 years	\$ -
Exercisable at September 30, 2019	291,250	\$ 5.26	6.3 years	\$ -

Compensation expense recognized for the three-month periods ended September 30, 2020 and 2019 totaled \$8,000 and \$9,000 respectively and for the nine-month periods ended September 30, 2020 and 2019, totaled \$24,000 and \$27,000 respectively. Compensation expense is included in general and administrative expenses. At September 30, 2020 and 2019, there was approximately \$62,000 and \$95,000, respectively, of total unrecognized compensation expense related to non-vested stock options granted under the Plan. The Company expects to recognize the remaining compensation expense over a weighted-average period of twenty-four (24) months.

10. SHARE-BASED COMPENSATION (continued)

No options were granted during the three and nine-month period ended September 30, 2020. During the nine-month period ended September 30, 2019 the Company granted 290,000 options with fair value estimated on the date of grant using the following assumptions and the Black-Scholes option pricing model:

	<u>2019</u>
Expected dividend yield	0%
Expected volatility	31%
Risk-free interest rate	2.59%
Expected life (in years)	10
Per share grant date fair value of options issued	\$ 0.36

At the time of the grant, the dividend yield was based on the Company's history and expectation of dividend payouts at the time of the grant; expected volatility was based on volatility of similar companies' common stock; the risk-free rate was based on the U.S. Treasury yield curve in effect and the expected life was based on the contractual life of the options.

Restricted Stock Awards

The Company may grant restricted stock awards to eligible individuals in connection with their service to the Company. The terms of the Company's outstanding restricted stock grants may include service, performance and market-based conditions. The fair value of any awards with market-based conditions is determined using a Monte Carlo simulation method, which calculates many potential outcomes for an award and then establishes fair value based on the most likely outcome. The determination of fair value with respect to the awards with only performance or service-based conditions is based on the value of the Company's stock on the grant date.

During the three and nine-month periods ended September 30, 2020 and 2019, the Company did not grant any restricted stock. At September 30, 2020, there were no unvested restricted stock.

11. NET WORTH FOR REGULATORY PURPOSES

The subsidiaries are subject to a minimum and prescribed capital requirement as established by CIMA. Under the terms of their respective licenses, Oxbridge Reinsurance Limited and Oxbridge Re NS are required to maintain a minimum and prescribed capital requirement of \$500 in accordance with the relevant subsidiary's approved business plan filed with CIMA.

At September 30, 2020, the Oxbridge Reinsurance Limited's net worth of \$914 thousand exceeded the minimum and prescribed capital requirement. For the three and nine-month periods ended September 30, 2020, the Subsidiary's net loss was approximately \$111 thousand and \$519 thousand respectively.

At September 30, 2020, the Oxbridge Re NS' net worth of \$144 thousand exceeded the minimum and prescribed capital requirement. For the three and nine-month periods ended September 30, 2020, the Subsidiary's net income was approximately \$8 thousand and \$39 thousand respectively.

The Subsidiaries are not required to prepare separate statutory financial statements for filing with CIMA, and there were no material differences between the Subsidiaries' GAAP capital, surplus and net income, and its statutory capital, surplus and net income as of September 30, 2020 or for the period then ended.

12. FAIR VALUE AND CERTAIN RISKS AND UNCERTAINTIES

Fair values

With the exception of balances in respect of insurance contracts (which are specifically excluded from fair value disclosures under GAAP) and investment securities as disclosed in Note 4 of these consolidated financial statements, the carrying amounts of all other financial instruments, which consist of cash and cash equivalents, restricted cash and cash equivalents, accrued interest and dividends receivable, premiums receivable and other assets, notes payable and accounts payable and other liabilities, approximate their fair values due to their short-term nature.

Concentration of underwriting risk

A substantial portion of the Company's current reinsurance business ultimately relates to the risks of a limited number of entities; accordingly, the Company's underwriting risks are not significantly diversified.

Concentrations of Credit and Counterparty Risk

The Company markets retrocessional and reinsurance policies worldwide through its brokers. Credit risk exists to the extent that any of these brokers may be unable to fulfill their contractual obligations to the Company. For example, the Company is required to pay amounts owed on claims under policies to brokers, and these brokers, in the Company. In some jurisdictions, if a broker fails to make such a payment, the Company might remain liable to the ceding company for the deficiency. In addition, in certain jurisdictions, when the ceding company pays premiums for these policies to brokers, these premiums are considered to have been paid and the ceding insurer is no longer liable to the Company for those amounts, whether or not the premiums have actually been received.

12. FAIR VALUE AND CERTAIN RISKS AND UNCERTAINTIES (cont'd)

The Company remains liable for losses it incurs to the extent that any third-party reinsurer is unable or unwilling to make timely payments under reinsurance agreements. The Company would also be liable in the event that its ceding companies were unable to collect amounts due from underlying third-party reinsurers.

The Company mitigates its concentrations of credit and counterparty risk by using reputable and several counterparties which decreases the likelihood of any significant concentration of credit risk with any one counterparty.

Market risk

Market risk exists to the extent that the values of the Company's monetary assets fluctuate as a result of changes in market prices. Changes in market prices can arise from factors specific to individual securities or their respective issuers, or factors affecting all securities traded in a particular market. Relevant factors for the Company are both volatility and liquidity of specific securities and markets in which the Company holds investments. The Company has established investment guidelines that seek to mitigate significant exposure to market risk.

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements (unaudited)
September 30, 2020

13. LEASES

Operating lease right-of-use assets and operating lease liabilities are disclosed as line in the consolidated balance sheet. We determine if a contract contains a lease at inception and recognize operating lease right-of-use assets and operating lease liabilities based on the present value of the future minimum lease payments at the commencement date. As our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. Lease agreements that have lease and non-lease components, are accounted for as a single lease component. Lease expense is recognized on a straight-line basis over the lease term.

The Company has two operating lease obligations namely for the Company's office facilities located at Suite 201, 42 Edward Street Grand Cayman, Cayman Islands and residential space at Turnberry Villas in Grand Cayman, Cayman Islands. The office lease has a remaining lease term of approximately 41 months and includes an option to extend the lease. Under the terms of the lease, the Company also has the right to terminate the lease after thirty-six (36) months upon giving appropriate notice in writing to the Lessor. The residential lease has a remaining lease term of approximately 27 months.

The components of lease expense and other lease information as of and during the three and nine-month period ended September 30, 2020 and 2019 are as follows:

(in thousands)	For the Nine- Month Period Ended September 30, 2020	For the Nine- Month Period Ended September 30, 2019
Operating Lease Cost ⁽¹⁾	\$ 70	\$ 63
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 72	\$ 71

⁽¹⁾ Includes short-term leases

(in thousands)	At September 30, 2020	At September 30, 2019
Operating lease right-of-use assets	\$ 242	\$ 146
Operating lease liabilities	\$ 243	\$ 146
Weighted-average remaining lease term - operating leases	2.80 years	4.67 years
Weighted-average discount rate - operating leases	5.25%	6.5%

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements (unaudited)
September 30, 2020

13. LEASES (continued)

Future minimum lease payments under non-cancellable leases as of September 30, 2020, reconciled to our discounted operating lease liability presented on the consolidated balance sheet are as follows:

(in thousands)	At September 30, 2020	At December 31, 2019
Remainder of 2020	\$ 24	\$ 36
2021	96	36
2022	97	37
2023	40	37
Thereafter	6	6
Total future minimum lease payments	<u>\$ 263</u>	<u>\$ 152</u>
Less imputed interest	(20)	(19)
Total operating lease liability	<u>\$ 243</u>	<u>133</u>

14. RELATED PARTY TRANSACTIONS

During the nine-month period ending September 30, 2020, Mr. Jay Madhu, a director and officer of the Company and its subsidiaries invested \$68 thousand in Series 2020-1 participating notes and is included within notes payable in the consolidated balance sheet.

During the three and nine-month periods ending September 30, 2019, Mr. Jay Madhu, a director and officer of the Company and its subsidiaries invested \$50 thousand in Series 2019-1 participating notes, which were subsequently redeemed in June 2020.

15. SUBSEQUENT EVENTS

We evaluate all subsequent events and transactions for potential recognition or disclosure in our consolidated financial statements. There were no other events subsequent to September 30, 2020 for which disclosure was required.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q, including in this Management's Discussion and Analysis, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements generally are identified by the words "believe," "project," "predict," "expect," "anticipate," "estimate," "intend," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in the section entitled "Risk Factors" contained in our Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 23, 2020. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on the forward-looking statements which speak only to the dates on which they were made.

GENERAL

The following is a discussion and analysis of our results of operations for the three and nine-month periods ended September 30, 2020 and 2019 and our financial condition as of September 30, 2020 and December 31, 2019. The following discussion should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and in our Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 23, 2020. References to "we," "us," "our," "our company," or "the Company" refer to Oxbridge Re Holdings Limited and its wholly-owned subsidiaries, Oxbridge Reinsurance Limited and Oxbridge Re NS, unless the context dictates otherwise.

Overview

We are a Cayman Islands specialty property and casualty reinsurer that provides reinsurance solutions through our reinsurance subsidiaries, Oxbridge Reinsurance Limited and Oxbridge Re NS. Oxbridge Re NS functions as a reinsurance sidecar which increases the underwriting capacity of Oxbridge Reinsurance Limited. Oxbridge Re NS issues participating notes to third party investors, the proceeds of which are utilized to collateralize Oxbridge Reinsurance Limited's reinsurance obligations. We focus on underwriting fully-collateralized reinsurance contracts primarily for property and casualty insurance companies in the Gulf Coast region of the United States, with an emphasis on Florida. We specialize in underwriting medium frequency, high severity risks, where we believe sufficient data exists to analyze effectively the risk/return profile of reinsurance contracts.

We underwrite reinsurance contracts on a selective and opportunistic basis as opportunities arise based on our goal of achieving favorable long-term returns on equity for our shareholders. Our goal is to achieve long-term growth in book value per share by writing business that generates attractive underwriting profits relative to the risk we bear. Unlike other insurance and reinsurance companies, we do not intend to pursue an aggressive investment strategy and instead will focus our business on underwriting profits rather than investment profits. However, we intend to complement our underwriting profits with investment profits on an opportunistic basis. Our primary business focus is on fully collateralized reinsurance contracts for property catastrophes, primarily in the Gulf Coast region of the United States, with an emphasis on Florida. Within that market and risk category, we attempt to select the most economically attractive opportunities across a variety of property and casualty insurers. As our capital base grows, however, we expect that we will consider further growth opportunities in other geographic areas and risk categories.

Our level of profitability is primarily determined by how adequately our premiums assumed and investment income cover our costs and expenses, which consist primarily of acquisition costs and other underwriting expenses, claim payments and general and administrative expenses. One factor leading to variation in our operational results is the timing and magnitude of any follow-on offerings we undertake (if any), as we are able to deploy new capital to collateralize new reinsurance treaties and consequently, earn additional premium revenue. In addition, our results of operations may be seasonal in that hurricanes and other tropical storms typically occur during the period from June 1 through November 30. Further, our results of operations may be subject to significant variations due to factors affecting the property and casualty insurance industry in general, which include competition, legislation, regulation, general economic conditions, judicial trends, and fluctuations in interest rates and other changes in the investment environment.

Because we employ an opportunistic underwriting and investment philosophy, period-to-period comparisons of our underwriting results may not be meaningful. In addition, our historical investment results may not necessarily be indicative of future performance. Due to the nature of our reinsurance and investment strategies, our operating results will likely fluctuate from period to period.

Business outlook

The novel coronavirus ("COVID-19") pandemic has had and is expected to continue to have a significant effect on the reinsurance industry. The industry is currently being impacted by a number of factors including: uncertainties with respect to current and future losses, reduction in interest rates, equity market volatility and ongoing business and financial market impacts of an economic downturn. The insurance industry is likely to experience material losses resulting from COVID-19, which will reduce available capital and we expect will help to sustain the upward pricing trend for reinsurers that we were seeing across many lines of business before COVID-19. However, the ultimate impact on current business in force as well as risks and potential opportunities on future business remains highly uncertain.

Impact of COVID-19 on Business Operations

We reacted quickly and decisively to the COVID-19 crisis when we became aware of the potential impact on our business operations. We have continued to monitor and adjust our operations as the global pandemic unfolds. As local directives required us to transition our operations to remote working arrangements, all functions remained fully operational with all employees having remote access to the Company's network and IT systems. Each employee was equipped with a computer and related equipment at their home to ensure access to our network and efficiency. Prior to the COVID-19 crisis we had general remote, work-from-home capabilities and had previously tested those systems. We have experienced no material disruption in our business operations. As of September 30, 2020, our operations are back to normal. However, should the situation change for the worse, we will revert to working remotely.

PRINCIPAL REVENUE AND EXPENSE ITEMS

Revenues

We derive our most significant revenues from two principal sources:

- premiums assumed from reinsurance on property and casualty business; and
- income from investments, including Industry Loss Warranties

Premiums assumed include all premiums received by a reinsurance company during a specified accounting period, even if the policy provides coverage beyond the end of the period. Premiums are earned over the term of the related policies. At the end of each accounting period, the portion of the premiums that are not yet earned are included in the unearned premiums reserve and are realized as revenue in subsequent periods over the remaining term of the policy. Our policies typically have a term of twelve months. Thus, for example, for a policy that is written on July 1, 2020, typically one-half of the premiums will be earned in 2020 and the other half will be earned during 2021. However, in the event of limit losses on our policies, premium recognition will be accelerated to match losses incurred in the period, when there is no possibility of any future treaty-year losses under the contracts.

Premiums from reinsurance on property and casualty business assumed are directly related to the number, type and pricing of contracts we write.

Premiums assumed are recorded net of change in loss experience refund, which consists of changes in amounts due to the cedants under one of our reinsurance contracts. These contracts contain retrospective provisions that adjust premiums in the event losses are minimal or zero. We recognize a liability pro-rata over the period in which the absence of loss experience obligates us to refund premiums under the contracts, and we will derecognize such liability in the period in which a loss experience arises. The change in loss experience refund is negatively correlated to loss and loss adjustment expenses described below.

Income from our investments is primarily comprised of interest income, dividends and net realized and unrealized gains (losses) on investment securities. Such income is primarily from the Company's investments, which includes investments held in trust accounts that collateralize the reinsurance policies that we write. The investment parameters for trust accounts are generally be established by the cedant for the relevant policy.

Industry Loss Warranties

The Company may buy and sell industry loss warranties as a way to access certain risks. An industry loss warranty is a financial instrument designed to protect insurers or reinsurers from severe losses due to natural and man-made catastrophes and can take the form of either an insurance contract or a swap agreement. Under both forms, a premium is paid at the inception of the contract and, in return, a payout is made if a catastrophic event causes loss to the insurance industry in excess of a predetermined trigger amount.

Industry loss warranties may also be triggered by other parametric measurements defined in the contract such as observed wind speeds, measured seismic activity or other factors. Industry loss warranties in the form of an insurance contract (also referred to as the "indemnity form") are typically dual-trigger instruments and, in addition to requiring a loss to the industry, require that the buyer of the protection actually suffer a loss from the triggering event. The Company may buy and sell industry loss warranties in the form of an insurance contract or in the form of a derivative contract.

Expenses

Our expenses consist primarily of the following:

- losses and loss adjustment expenses;
- policy acquisition costs and underwriting expenses; and
- general and administrative expenses.

Loss and loss adjustment expenses are a function of the amount and type of reinsurance contracts we write and of the loss experience of the underlying coverage. As described below, loss and loss adjustment expenses are based on the claims reported by our Company's ceding insurers, and may include an actuarial analysis of the estimated losses, including losses incurred during the period and changes in estimates from prior periods. Depending on the nature of the contract, loss and loss adjustment expenses may be paid over a period of years.

Policy acquisition costs and underwriting expenses consist primarily of brokerage fees, ceding commissions, premium taxes and other direct expenses that relate to our writing of reinsurance contracts. We amortize deferred acquisition costs over the related contract term.

General and administrative expenses consist of salaries and benefits and related costs, including costs associated with our professional fees, rent and other general operating expenses consistent with operating as a public company.

RESULTS OF OPERATIONS

The following is our consolidated statement of operations and performance ratios for the three and nine-month periods ended September 30, 2020 and 2019 (dollars in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(unaudited)		(unaudited)	
Revenue				
Assumed premiums	\$ -	-	864	1,116
Change in unearned premiums reserve	247	279	(218)	(744)
Net premiums earned	247	279	646	372
Net investment and other income	32	54	90	182
Net realized investment (losses)/gains	(2)	-	325	3
Change in fair value of equity securities	(18)	17	(343)	20
Total revenue	259	350	718	577
Expenses				
Policy acquisition costs and underwriting expenses	27	31	71	41
General and administrative expenses	239	264	767	808
Total expenses	266	295	838	849
(Loss) Income before income attributable to noteholders	\$ (7)	55	(120)	(272)
Income attributable to noteholders	(26)	(70)	(112)	(94)
Net loss	\$ (33)	(15)	(232)	(366)
Loss per share				
Basic and Diluted	\$ (0.01)	(0.00)	(0.04)	(0.06)
Dividends paid per share	\$ -	-	-	-
Performance ratios to net premiums earned:				
Loss ratio	0.0%	0.0%	0.0%	0.0%
Acquisition cost ratio	10.9%	11.1%	11.0%	11.0%
Expense ratio	107.7%	105.7%	129.7%	228.2%
Combined ratio	107.7%	105.7%	129.7%	228.2%

General. Net loss for the quarter ended September 30, 2020 was \$33 thousand, or (\$0.01) per basic and diluted share, compared to a net loss of \$15 thousand, or (\$0.00) per basic and diluted share, for the quarter ended September 30, 2019. The increase in net loss is due primarily to unrealized losses on investments recorded during the three months period ending September 30, 2020.

Net loss for the nine months ended September 30, 2020 was \$232 thousand, or (\$0.04) per basic and diluted share, compared to a net loss of \$366 thousand, or (\$0.06) per basic and diluted share, for the nine months ended September 30, 2019. The decrease in net loss is due primarily to higher net premiums earned during the nine months period ending September 30, 2020.

Premium Income. Net premiums earned typically reflects the pro rata inclusion into income of premiums assumed (net of loss experience refund) over the life of the reinsurance contracts.

Net premiums earned for the quarter ended September 30, 2020 decreased \$32 thousand, to \$247 thousand from \$279 thousand for the quarter ended September 30, 2019. The decrease is wholly due to the fact that lower capital was deployed in the current period, when compared to the same period in 2019.

Net premiums earned for the nine months ended September 30, 2020 increased \$274 thousand, to \$646 thousand from \$372 thousand for the nine months ended September 30, 2019. The increase is due to only one month premium recognized during the previous period as a result of previous accelerated premium recognition, when compared to the normal recognition of premium during current period.

Losses Incurred. There were no losses incurred during the three and nine-month periods ending September 30, 2020 and 2019.

Policy Acquisition Costs and Underwriting Expenses. Acquisition costs represent the amortization of the brokerage fees and federal excise taxes incurred on reinsurance contracts placed. Policy acquisition costs and underwriting expenses for the quarter ended September 30, 2020 decreased \$4 thousand to \$27 thousand from \$31 thousand for the quarter ended September 30, 2019. The decrease is due to the decrease in net premiums earned during the current quarter, when compared with same period prior year.

Policy acquisition costs and underwriting expenses for the nine-month period ended September 30, 2020 increased \$30 thousand to \$71 thousand from \$41 thousand for the nine-month period ended September 30, 2019. The increase is wholly due to the normal recognition of policy acquisition costs during the current period, when compared with lower recognition in the prior year period due to the previous acceleration of such costs upon suffering limit losses on reinsurance contracts.

General and Administrative Expenses. General and administrative expenses for the quarter ended September 30, 2020 decreased \$25 thousand, to \$239 thousand, from \$264 thousand for the quarter ended September 30, 2019. The decrease is due to cost savings initiatives implemented by the Company.

General and administrative expenses for the nine-month period ended September 30, 2020 decreased \$41 thousand, to \$767 thousand, from \$808 thousand for the nine-month period ended September 30, 2019. The decrease is due to general cost savings initiatives implemented by the Company.

MEASUREMENT OF RESULTS

We use various measures to analyze the growth and profitability of business operations. For our reinsurance business, we measure growth in terms of premiums assumed and we measure underwriting profitability by examining our loss, underwriting expense and combined ratios. We analyze and measure profitability in terms of net income and return on average equity.

Premiums Assumed. We use gross premiums assumed to measure our sales of reinsurance products. Gross premiums assumed also correlates to our ability to generate net premiums earned.

Loss Ratio. The loss ratio is the ratio of losses and loss adjustment expenses incurred to premiums earned and measures the underwriting profitability of our reinsurance business. The loss ratio for the three and nine-month periods ended September 30, 2020 and September 30, 2019 was 0%. This is due to no loss and loss adjustment expenses incurred in the periods ended September 30, 2020 and September 30, 2019.

Acquisition Cost Ratio. The acquisition cost ratio is the ratio of policy acquisition costs and other underwriting expenses to net premiums earned. The acquisition cost ratio measures our operational efficiency in producing, underwriting and administering our reinsurance business. The acquisition cost ratio decreased from 11.1% for the quarter ended September 30, 2019 to 10.9% for the quarter ended September 30, 2020. The decrease is due to marginally lower weighted-average acquisition costs on reinsurance contracts in force during the three-month period ended September 30, 2020 compared with the three-month period ended September 30, 2019.

The acquisition cost ratio remained unchanged at 11.0% for the nine-month period ended September 30, 2020 and 2019.

Expense Ratio. The expense ratio is the ratio of policy acquisition costs, other underwriting expenses and other administrative expenses to net premiums earned. We use the expense ratio to measure our operating performance. The expense ratio increased from 105.7% for the three-month period ended September 30, 2019 to 107.7% for the three-month period ended September 30, 2020. The increase is due primarily to a lower denominator in net premiums earned as recorded during the three-month period ended September 30, 2020, when compared with the three-month period ended September 30, 2019.

The expense ratio decreased from 228.2% for the nine-month period ended September 30, 2019 to 129.7% for the nine-month period ended September 30, 2020. The decrease is due primarily to reduced general and administrative expenses coupled with a higher denominator in net premiums earned as recorded during the nine-month period ended September 30, 2020, when compared with the nine-month period ended September 30, 2019.

Combined Ratio. We use the combined ratio to measure our underwriting performance. The combined ratio is the sum of the loss ratio and the expense ratio. If the combined ratio is at or above 100%, we are not underwriting profitably and may not be profitable. The combined ratio increased from 105.7% for the three-month period ended September 30, 2019 to 107.7% for the three-month period ended September 30, 2020. The increase is due primarily to a lower denominator in net premiums earned as recorded during the three-month period ended September 30, 2020, when compared with the three-month period ended September 30, 2019.

The combined ratio decreased from 228.2% for the nine-month period ended September 30, 2019 to 129.7% for the nine-month period ended September 30, 2020. The decrease in the combined ratio is wholly due to a higher denominator in net premiums earned and reduced total expenses as recorded during the nine-month period ended September 30, 2020, when compared with the nine-month period ended September 30, 2019.

FINANCIAL CONDITION – SEPTEMBER 30, 2020 COMPARED TO DECEMBER 31, 2019

Restricted Cash and Cash Equivalents. As of September 30, 2020, our restricted cash and cash equivalents decreased by \$361 thousand, or 18%, to \$1.7 million, from \$2.1 million as of December 31, 2019. The decrease is the net result of the withdrawal of collateral deposit on expiry of contract during the nine months ended September 30, 2020 and collateral deposits made during the nine months ended September 30, 2020.

Investments. As of September 30, 2020, our total investments decreased by \$57 thousand or 8% to \$635 thousand, from \$692 thousand as of December 31, 2019. The decrease is primarily a result of unrealized loss of \$343 thousand partially offset by purchase of equity securities during the nine-month period ended September 30, 2020.

Reserve for Losses and Loss Adjustment Expenses. As of September 30, 2020, there was no change in reserve for losses and loss adjustment expenses from December 31, 2019. The reserve remained at \$0 due to the fact that there were no significant events and no reported claims in the nine-month period to necessitate a reserve.

Notes Payable. As of September 30, 2020, our notes payable decreased to \$216 thousand, from \$600 thousand at December 31, 2019. The decrease is the net result of the redemption of Series 2019-1 participating notes coupled with issuance of Series 2020-1 participating notes by our reinsurance sidecar subsidiary, Oxbridge Re NS during the nine months ending September 30, 2020.

LIQUIDITY AND CAPITAL RESOURCES

General

We are organized as a holding company with substantially no operations at the holding company level. Our operations are conducted through our reinsurance subsidiaries, Oxbridge Reinsurance Limited and Oxbridge Re NS, which underwrites risks associated with our property and casualty reinsurance programs. We have minimal continuing cash needs at the holding company level, with such needs principally being related to the payment of administrative expenses and shareholder dividends. There are restrictions on Oxbridge Reinsurance Limited's and Oxbridge Re NS' ability to pay dividends which are described in more detail below.

Sources and Uses of Funds

Our sources of funds primarily consist of premium receipts (net of brokerage fees and federal excise taxes, where applicable) and investment income, including interest, dividends and realized gains. We use cash to pay losses and loss adjustment expenses, other underwriting expenses, dividends, and general and administrative expenses. Substantially all of our surplus funds, net of funds required for cash liquidity purposes, are invested in accordance with our investment guidelines. Our investment portfolio is primarily comprised of cash and highly liquid securities, which can be liquidated, if necessary, to meet current liabilities. We believe that we have sufficient flexibility to liquidate any securities that we own to generate liquidity.

As of September 30, 2020, we believe we had sufficient cash flows from operations to meet our liquidity requirements. We expect that our operational needs for liquidity will be met by cash, investment income and funds generated from underwriting activities. During the nine months period ending September 30, 2020, we issued participating notes through our reinsurance sidecar subsidiary, Oxbridge Re NS. We have no current plans to issue further debt, other than through additional participating notes and we expect to fund our operations for the foreseeable future from operating cash flows, as well as from potential future equity offerings. However, we cannot provide assurances that in the future we will not incur indebtedness to implement our business strategy, pay claims or make acquisitions.

Although Oxbridge Re Holdings Limited is not subject to any significant legal prohibitions on the payment of dividends, its subsidiaries Oxbridge Reinsurance Limited and Oxbridge Re NS are subject to Cayman Islands regulatory constraints that affect its ability to pay dividends to us and include a minimum net worth requirement. Currently, the minimum net worth requirement for each subsidiary is \$500. As of September 30, 2020, each subsidiary exceeded the minimum required. By law, each subsidiary is restricted from paying a dividend if such a dividend would cause its net worth to drop to less than the required minimum.

Cash Flows

Our cash flows from operating, investing and financing activities for the nine-month periods ended September 30, 2020 and 2019 are summarized below.

Cash Flows for the Nine months ended September 30, 2020 (in thousands)

Net cash used in operating activities for the nine months ended September 30, 2020 totaled \$278, which consisted primarily of cash received from investments and net written premiums less cash disbursed for operating expenses. Net cash provided by investing activities of \$25 was primarily due to the net proceeds from sale of equity securities. Net cash used in financing activities totaled \$384, which is the net result of redemption of Series 2019-1 participating notes and proceeds on issuance of Series 2020-1 participating notes.

Net cash used in operating activities for the nine months ended September 30, 2019 totaled \$4,439, which consisted primarily of cash received from net written premiums less cash disbursed for operating expenses and net loss payments. Net cash provided by investing activities of \$592 was primarily due to the net proceeds from sale of fixed-maturity securities. Net cash provided by financing activities totaled \$600, which consisted of proceeds on issuance of Series 2019-1 participating notes.

OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 2020, we had no off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

EXPOSURE TO CATASTROPHES

As with other reinsurers, our operating results and financial condition could be adversely affected by volatile and unpredictable natural and man-made disasters, such as hurricanes, windstorms, earthquakes, floods, fires, riots and explosions. Although we attempt to limit our exposure to levels we believe are acceptable, it is possible that an actual catastrophic event or multiple catastrophic events could have a material adverse effect on our financial condition, results of operations and cash flows. As described under "CRITICAL ACCOUNTING POLICIES—Reserves for Losses and Loss Adjustment Expenses" below, under GAAP, we are not permitted to establish loss reserves with respect to losses that may be incurred under reinsurance contracts until the occurrence of an event which may give rise to a claim. As a result, only loss reserves applicable to losses incurred up to the reporting date may be established, with no provision for a contingency reserve to account for expected future losses.

CRITICAL ACCOUNTING POLICIES

We are required to make estimates and assumptions in certain circumstances that affect amounts reported in our consolidated financial statements and related footnotes. We evaluate these estimates and assumptions on an on-going basis based on historical developments, market conditions, industry trends and other information that we believe to be reasonable under the circumstances. These accounting policies pertain to premium revenues and risk transfer, reserve for loss and loss adjustment expenses and the reporting of deferred acquisition costs.

Premium Revenue and Risk Transfer. We record premiums revenue as earned pro-rata over the terms of the reinsurance agreements, or period of risk, where applicable, and the unearned portion at the balance sheet date is recorded as unearned premiums reserve. A reserve is made for estimated premium deficiencies to the extent that estimated losses and loss adjustment expenses exceed related unearned premiums. Investment income is not considered in determining whether or not a deficiency exists.

We account for reinsurance contracts in accordance with ASC 944, "Financial Services – Insurance." Assessing whether or not a reinsurance contract meets the conditions for risk transfer requires judgment. The determination of risk transfer is critical to reporting premiums written. If we determine that a reinsurance contract does not transfer sufficient risk, we must account for the contract as a deposit liability.

Loss Experience Refund Payable. Certain contracts include retrospective provisions that adjust premiums or result in profit commissions in the event losses are minimal or zero. Under such contracts, the Company expects to recognize aggregate liabilities payable to the ceding insurers assuming no losses occur during the contract period. In accordance with GAAP, the Company will recognize a liability in the period in which the absence of loss experience obligates the Company to pay cash or other consideration under the contract. On the contrary, the Company will derecognize such liability in the period in which a loss experience arises. Such adjustments to the liability, which accrue throughout the contract term, will reduce the liability should a catastrophic loss event covered by the Company occur.

Reserves for Losses and Loss Adjustment Expenses. We determine our reserves for losses and loss adjustment expenses on the basis of the claims reported by our ceding insurers and for losses incurred but not reported, we utilize the assistance of an independent actuary. The reserves for losses and loss adjustment expenses represent management's best estimate of the ultimate settlement costs of all losses and loss adjustment expenses.

We believe that the amounts are adequate; however, the inherent impossibility of predicting future events with precision, results in uncertainty as to the amount which will ultimately be required for the settlement of losses and loss expenses, and the differences could be material. Adjustments are reflected in the consolidated statements of operations in the period in which they are determined.

Under GAAP, we are not permitted to establish loss reserves until the occurrence of an actual loss event. As a result, only loss reserves applicable to losses incurred up to the reporting date may be recorded, with no allowance for the provision of a contingency reserve to account for expected future losses. Losses arising from future events, which could be substantial, are estimated and recognized at the time the loss is incurred.

As of September 30, 2020, we had no reserves for loss and loss adjustment expenses due to no significant events occurring during the period and no reported claims on any contracts in force. See Note 7 to the consolidated financial statements.

Our reserving methodology does not lend itself well to a statistical calculation of a range of estimates surrounding the best point estimate of our reserve for loss and loss adjustment expense. Due to the low frequency and high severity nature of claims within much of our business, our reserving methodology principally involves arriving at a specific point estimate for the ultimate expected loss on a contract by contract basis, and our aggregate loss reserves are the sum of the individual loss reserves established.

Deferred Acquisition Costs. We defer certain expenses that are directly related to and vary with producing reinsurance business, including brokerage fees on gross premiums assumed, premium taxes and certain other costs related to the acquisition of reinsurance contracts. These costs are capitalized and the resulting asset, deferred acquisition costs, is amortized and charged to expense in future periods as premiums assumed are earned. The method followed in computing deferred acquisition costs limits the amount of such deferral to its estimated realizable value. The ultimate recoverability of deferred acquisition costs is dependent on the continued profitability of our reinsurance underwriting. If our underwriting ceases to be profitable, we may have to write off a portion of our deferred acquisition costs, resulting in a further charge to income in the period in which the underwriting losses are recognized.

Stock-Based Compensation: The Company accounts for stock-based compensation under the fair value recognition provisions of GAAP which requires the measurement and recognition of compensation for all stock-based awards made to employees and directors, including stock options and restricted stock issuances based on estimated fair values. The Company measures compensation for restricted stock based on the price of the Company's ordinary shares at the grant date. Determining the fair value of share purchase options at the grant date requires significant estimation and judgment. The Company uses an option-pricing model (Black-Scholes option pricing model) to assist in the calculation of fair value for share purchase options. The Company's shares have not been publicly traded for a sufficient length of time to solely use the Company's performance to reasonably estimate the expected volatility.

Therefore, when estimating the expected volatility, the Company takes into consideration the historical volatility of similar entities. The Company considers factors such as an entity's industry, stage of life cycle, size and financial leverage when selecting similar entities. The Company uses a sample peer group of companies in the reinsurance industry as well as the Company's own historical volatility in determining the expected volatility. Additionally, the Company uses the full life of the options, ten years, as the estimated term of the options, and has assumed no forfeitures during the life of the options.

The Company uses the straight-line attribution method for all grants that include only a service condition. Compensation expense related to all awards is included in general and administrative expenses.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Because we are a smaller reporting company, we are not required to provide this information.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our Chief Executive Officer (our principal executive officer) and our Chief Financial Officer (our principal financial officer), we have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently involved in any litigation or arbitration. We anticipate that, similar to the rest of the insurance and reinsurance industry, we will be subject to litigation and arbitration in the ordinary course of business.

Item 1A. Risk Factors

With the exception of the item described below, there have been no material changes from the risk factors previously disclosed in the section entitled "Risk Factors" in our Form 10-K, which was filed with the SEC on March 23, 2020.

Our operations could be materially and adversely affected by measures implemented by the Cayman Islands' government, as well as international federal, state and local governments to cope with public health issues such as the outbreak of COVID-19, resulting in a material impact to our financial position and results of operations.

The measures undertaken by governmental authorities to combat a serious public health issue could significantly disrupt or prevent us from operating our business in the ordinary course for an extended period and could materially affect our financial position and operating results.

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic. On March 25, 2020, the Cayman Islands' government implemented curfew restrictions to control the spread of COVID-19. Wide-ranging actions undertaken by local and international government authorities include full lockdowns, airport shutdowns, travel restrictions, quarantines and stay-at-home orders. As a result, people are forced to substantially restrict daily activities resulting in businesses having to curtail or cease normal operations and furlough or terminate employees. Such measures cause concerns over the stability of global markets and threaten prospects for economic growth.

In response to the pandemic, we temporarily closed our offices and asked our employees to work from home until further notice. Since then the Cayman Islands government have issued stay at home orders for non-essential workers. We however, reopened our offices in May 2020 after receiving government's approval with minimal impact on our operations.

Furthermore, the disruption of global commercial activities across all market sectors and the significant declines and volatility in financial markets could result in a material adverse impact on our financial position, results of operations and cash flows. Possible effects may include, but are not limited to a decline the value of equity securities held by us, and disruption to cash inflows from our reinsurance business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Sales of Unregistered Securities

None.

(b) Repurchases of Equity Securities

None.

(c) Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed herewith:

Exhibit No.	Document
31.1	Certifications of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
31.2	Certifications of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
32	Written Statement of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. §1350.
101	The following materials from Oxbridge Re Holdings Limited's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 are filed herewith, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Changes in Shareholders' Equity and (vi) the Notes to Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OXBRIDGE RE HOLDINGS LIMITED

Date: November 10, 2020

By: /s/ JAY MADHU
Jay Madhu
Chief Executive Officer and President
(Principal Executive Officer)

Date: November 10, 2020

By: /s/ WRENDON TIMOTHY
Wrendon Timothy
Chief Financial Officer and Secretary
(Principal Financial Officer and Principal
Accounting Officer)

**Certifications of the Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and
Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934**

I, Jay Madhu, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oxbridge Re Holdings Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2020

By: /s/ Jay Madhu
Jay Madhu
Chief Executive Officer and President
(Principal Executive Officer)

Certifications of the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and
Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934

I, Wrendon Timothy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oxbridge Re Holdings Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2020

By: /s/ Wrendon Timothy

Wrendon Timothy
Chief Financial Officer and Secretary
(Principal Financial Officer and Principal Accounting
Officer)

**Written Statement of the Chief Executive Officer and Chief Financial Officer
Pursuant to 18 U.S.C. §1350**

Solely for the purposes of complying with 18 U.S.C. §1350, we, the undersigned Chief Executive Officer and Chief Financial Officer of Oxbridge Re Holdings Limited (the "Company"), hereby certify, based on our knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2020 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JAY MADHU

Jay Madhu
Chief Executive Officer and President
(Principal Executive Officer)

/s/ WRENDON TIMOTHY

Wrendon Timothy
Chief Financial Officer and Secretary
(Principal Financial Officer and Principal
Accounting Officer)

Date: November 10, 2020
