MEMBERS REPORT **OCTOBER 2025**

EIM MEMBERS REPORT

AM BEST SINCE 1899

AM Best Rating

The Mutual Advantage

Data Center: Risks and Rewards

EIS PAC Annual Conference

Celebrating EIM Anniversaries

Celebrating Jill Dominguez

Q2 2025 Financials

CELEBRATING
JILL DOMINGUEZ

People often observe that EIM is like a family. There is little in the company's 39-year history that epitomizes this sentiment better than the 32 years Jill Dominguez has spent with EIM. Jill will retire on December 31, 2025, but will assist in the underwriting leadership transition through the first six months of 2026.

When she began her career as a Senior Underwriter/Account Executive at EIM in 1993, Jill and her husband Gilly were newlyweds. At the same time, EIM was taking root in Tampa as a mutual insurer dedicated to providing much needed excess insurance capacity to electric and gas utilities throughout the United States and Canada. Both have enjoyed a remarkable family history over the last thirty years.

As the EIM family grew from its original membership of 17 companies to what is now more than 150, so too did the Dominguez clan, with Jill and Gilly welcoming two sons Cole (1995) and Trent (2000). In January 1999, Jill was appointed EIM's Vice President-Underwriting and assumed responsibility for all EIM underwriting activities that, at the time, included Excess General Liability, Excess D&O and Fiduciary. Property was added in 2000 and Excess Cyber liability in 2017. In her role, she helped develop individual Member account risk management strategies, drafted EIM policy language, established underwriting guidelines, helped launch new lines of coverage authorized individual account pricing and capacity parameters and assisted with reinsurance buying.
Jill has played a pivotal role in member relations throughout her EIM tenure, consistently adding new long-term members and managing a book with a retention rate of 95% or more through most of EIM's history. She was also an integral contributor to the development and updating of EIM's long term strategic vision and the company's annual business plans.

A longtime member of EIM's senior management team, Jill sat on the enterprise risk management committee, information technology task force, corporate governance committee, and coordinated the quarterly meetings of EIM's Insurance Advisory Committee.

As the longest tenured employee in EIM's history, she has not only witnessed significant changes in the energy industry but inspired significant change within EIM as well. She helped launch EIM's cyber product, expand Excess General Liability limits by aligning with other mutuals, focused on growing the company's property portfolio, and in recent years helped coordinate strategy around unparalleled wildfire activity, increased frequency of industry loss events, and a challenging reinsurance marketplace.

Jill's responsibilities were not limited to EIM's day to day operations. She has been involved with the Energy School for the past 15 years and as a 1988 graduate of Florida State University, cultivated the School's relationship with FSU's School of Risk Management where

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CELEBRATING JILL DOMINGUEZ (continued)

it has been in residence for the past years. This biannual week-long gathering of industry risk managers, brokers, academics, and subject matter experts from the industry is sponsored by industry mutual insurers AEGIS, EIM, Cedar Hamilton, and Everen.

As part of a group dedicated to fostering greater communication amongst women in the energy and risk management arenas, as well as identifying and capitalizing on career enhancement opportunities, Jill was one of the original participants in a group that eventually became the Women in Power and Utilities group. This group has grown to more than 200 members. The group holds quarterly networking meetings, usually at the mutuals' annual meetings focusing on networking, mentoring, and expanded career opportunities for women in the power and utility communities.

During her career, Jill earned her Associate in Underwriting and Associate in Risk Management designations and served on the Florida State School of Risk Management Executive Council from 2014-2021.

It has been a great run for the Dominguez and EIM families. With the boys grown and the recent addition of a daughter-in-law, the time has come to reflect on the many successes that Jill has enjoyed during her remarkable career at EIM and to shift her focus to many new and exciting experiences ahead.

We wish Jill and her family the best in this new chapter of life. Jill will always be a part of the EIM family, remembered for her professionalism, her dedication to EIM and its members, and her unfailing leadership. She is a trailblazer, a mentor, and a role model whose outstanding career sets the bar high for those who will follow in her footsteps.

Congratulations from our family to your family and many thanks.

SAVE THE DATE

FEBRUARY 22-24TH

EIM's 2026 Risk Managers Information Meeting

Join us once again in Tampa, FL for the RMIM and to celebrate EIM's 40th anniversary. We are hard at work putting together another great conference! Keep an eye out for registration information to be sent around the beginning of December.

THE MUTUAL ADVANTAGE

Anyone who has participated in a Leadership Meeting (aka Mutual Advantage Meeting) or a Member Engagement meeting has no doubt heard the EIM team talk about the "Mutual Advantage." The "Mutual Advantage" provided by EIM and other similarly situated mutual peers is a critical component of who the company is and the driving force in everything it does. Mutuality provides numerous clearcut advantages not always present in commercial excess insurance relationships and is even more unique within the context of the energy and power industry. While all EIM's members and partners operate in the mutual ecosystem on a regular basis, it is always beneficial to explore the aspects that make it such a unique and beneficial arrangement.

First and foremost, EIM's primary focus is its members. Virtually every aspect of the company's operations is premised on what is best for its membership. EIM's Board of Directors, which fashions and guides the company's strategic direction, is comprised of member company senior executives who are well-versed, seasoned professionals, intimately familiar with the energy industry and work day-to-day to meet the challenges of providing consistent, reliable power throughout the country. This knowledge, in turn, gets imparted to EIM, providing an exceptional foundation upon which to make timely and informed decisions.

To ensure a more granular risk management view, the Insurance Advisory Committee (IAC), which meets quarterly, is also comprised of member company risk managers who not only face industry challenges daily but also interact regularly with EIM staff. The IAC not only provides feedback to EIM managers on key risk management issues but also surveys, on a biannual basis, commentary from all members concerning key performance benchmarks reflecting the effectiveness of EIM's products and services.

Quite simply, EIM exists because of and solely for its member companies. The level of member involvement in all aspects of EIM's operations is unparalleled, providing a unique and mutually advantageous relationship designed to provide maximum value via meaningful excess insurance coverage, exceptional products and services, and a stable, long-term source of financial protection.

From a financial perspective, EIM has the advantage of a fiscal framework that is not driven by unrelenting pressure for profit growth, instead focusing on sustained financial stability supported by adequate capitalization and prudent investment management. In fact, EIM is committed to a budgeted combined ratio of 100%, comprised of loss ratio targeted at 94% and a 6% expense ratio. This means that EIM expects to pay .94 cents of every premium dollar to meet member covered loss events and .06 cents to pay the costs associated with running the company, a far lower overhead average than commercial insurers.

This financial model not only enables EIM to pay out a larger percentage of net premium to its members in the form of loss payments but also offers an opportunity for capital to be

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THE MUTUAL ADVANTAGE (continued)

returned to members in years where performance exceeds budget expectations. If member companies manage risk well, or investment returns outstrip losses, members can, and often do, receive a distribution for a proportionate share of EIM surplus.

The member focus embedded in the mutual concept also allows EIM to prudently manage its capital, carefully balancing risk and return to minimize downside risk while garnering a prudent return on policyholder surplus. Over the years, this approach has enabled EIM to weather significant investment market downturns while enjoying steady appreciation when markets perform well, a luxury that many publicly traded companies do not enjoy.

Member focus also stands at the forefront in EIM operations and services such as Energy Insurance Services, Inc (EIS), where members can specifically tailor protected cell captive vehicles to address unique risk management needs within their specific companies. EIS offers manuscripted solutions across a broad range of business lines, enabling EIM members to adopt flexible risk management strategies that can be adjusted annually based on fluctuating insurance market conditions, changing corporate risk profiles, and updated strategic imperatives.

Each of these advantages combine to provide a solid, dependable, and sustainable business proposition that has been maintained for almost four decades. With policyholder surplus surpassing $1.4 billion, historical membership retention of 97%, and a $25 million distribution paid earlier this year, we truly live the mutual advantage and hope the feeling is “mutual.”

BY THE NUMBERS

Member Surplus of	$1.4B
10 Year Combined Ratio of	104%
Expense Ratio	6%
Member Retention Rate	97%
Returned to members in the form of claim payments and distributions	~$5B

DATA CENTERS: A RISK/REWARD PROPOSITION

With the unprecedented growth of artificial intelligence (AI) and its corresponding increase in demand for electricity, coupled with the ongoing growth of crypto mining and cloud computing, analysts have projected a surge in power consumption of 7-25% over the next five years, requiring more than $2 trillion in new energy generation resources worldwide. Data center annual global energy consumption could more than double in 2027 from 2023 levels, growing at a compound annual rate of 10%-24%. In the US alone, absent a boost in annual energy generation of up to 26% by 2028, demand is projected to outstrip supply.

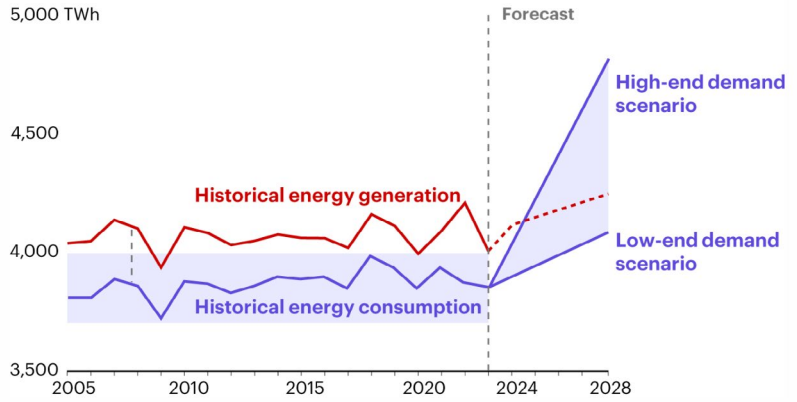
This projection is far beyond the largest five-year generation increase of approximately 5% between 2005 and 2023, potentially surpassing one million gigawatt hours in 2027. This is a staggering number when you consider that serving a two-gigawatt data center requires the capacity of about four natural gas plants or about half of a large nuclear plant.

While these projections contemplate an international phenomenon, there is clearly a US focus on developing data centers. Spending on US-based data centers has more than doubled since the release of OpenAI's ChatGPT in November 2022. Data centers have initially been located in large urban areas where robust infrastructure (that includes fiber-optic cables and power resources) support large populations of data-driven customers such as financial services, healthcare, and telecommunications. However, growth has also taken root in Midwest cities and is not limited to the US, with China and Europe playing key roles in data center development. Recent statistics reflect that there are more than 11,000 data centers registered around the world. While most are not yet involved in AI-related activity, this figure is indicative of potential future power demands.

US electricity demand could exceed supply within the next few years

Table 1

US electricity demand vs. generation (terawatt hours)



Notes: Demand forecast is an aggregate of multiple industry forecasts; historical numbers and generation forecast based on EIA data; historical gap between energy generation and consumption necessary to ensure sufficient load that accounts for some energy loss in transmission

Sources: EIA 2023–2025 Short-Term Energy Outlook (May 2024); EIA 2025–2028 Energy Outlook (March 2023); ISO reports (H2 2023 – H1 2024); FERC; Grid Strategies; Goldman Sachs and Bank of America analyst forecasts (April 2024); Bain analysis

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DATA CENTERS: A RISK/REWARD PROPOSITION (continued)

Over the last two decades, the energy industry has focused on efficiency and operational nimbleness as advances in energy efficiency and distributed generation countered demand increases occasioned by economic growth. However, the explosive growth of AI and associated demand for data centers has created an interesting dilemma for the energy industry as it positions itself to capitalize on this demand boom while, at the same time, ensuring the ability to provide ongoing support of existing residential and commercial customers.

The trade-offs are high stake as energy leaders balance the opportunity cost and risk of massive infrastructure investments in anticipation of data center projects against protecting electricity reliability and affordability for existing customers. Additionally, industry decision makers must consider the impact of data center-focused projects on current industry modernization efforts and commitments to renewable energy initiatives.

AI power need can be segmented into two parts: (1) the training of models (teaching a machine to recognize patterns and make predictions by feeding it large amounts of labeled data) and (2) use of the models to undertake inferential analysis (employing the trained model to take in new data points and use its internal knowledge, represented by code and algorithms, to make a prediction or decision.) In essence, data centers are factories that house models designed to store and retrieve information working in tandem with models that use this stored data to "think" analytically with the goal of augmenting or replacing or the human thought process. Both functions are data hungry and power intensive.

Models get trained on chips with ever increasing capacity. If AI scaling continues as expected, models could begin exceeding a billion exaflops (one exaflop equals a billion, billion calculations per second) by 2028 and hundreds of billions of exaflops by 2038. While not producing tangible goods, these data centers seek to turn information/ data into "intelligence." This trend seems unlikely to slow in the US as the most recent administrations have variously identified AI as a "national security and economic imperative" and AI (and crypto) as "two areas critical to the future of American competitiveness."

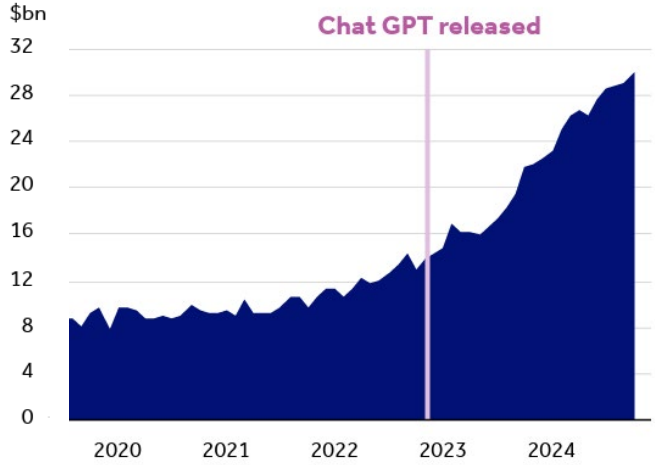
With preliminary projections forecasting exponential growth in data center power demand, some suggest that efficiencies, particularly in next-generation Graphics Processing Units (GPUs), updated regulations, and other technology improvements may help ease power demands. However, history has shown that efficiencies in and of themselves do not necessarily result in power savings. As an example, efficiencies associated with Intel's computer hardware processing advances in the 1990s were quickly countered by more demanding Microsoft software designs. Under any forecasted scenario, it is clear that additional power generation will be required.

In an interesting dichotomy, the power demand explosion may well be at odds with the zero-carbon goal embraced by many power generators. When you consider that data centers will require power that is "firm" (available, even in adverse circumstances) and "dispatchable" (programmed

on-demand at the request of grid operators according to market needs), new zero-carbon generation sources become somewhat limited. Absent significant advances in storage capacity, wind and solar will not immediately fill data center needs. They may, however, serve as viable alternatives for residential and small business power demands, freeing up more conventional generation resources for data center demands. Natural gas and coal-generated facilities offer some respite, as does consideration of small nuclear reactors (SMRs) that offer the opportunity for carbon-free, stable power generation. SMRs can generally be built quickly and installed on-site, enabling users to avoid power grid constraints and bypass regulatory hurdles associated with utility scale reactor sites. Other behind the meter alternatives such as distributed generation and microgrids, may also help ease increased demand requirements.

The test for utilities will be determining what level of demand they can reasonably serve while protecting reliability and affordability for existing customers and capitalizing on the opportunity provided by data center growth. This determination will have to be undertaken quickly and, of necessity, involve a broad range of constituencies that include developers, architects, engineers, generators, transmitters, distributors, customers, supply chain professionals, and manufacturers. Not only will a collaborative process make for better solutions to the power demand challenge but also help identify and protect against traditional risk management concerns that include cyber threats, climate-related exposures, operational risks, and regulatory compliance via an integrated risk management framework.

Centres of attraction: US private data-centre construction spend (seasonally adjusted annual rate) Table 2



Note: Includes value of construction installed but excludes costs of land acquisition, racks and servers Source: US Census Bureau, Barclays Research

THIS SUMMARY IS BASED ON VARIOUS PUBLISHED RESEARCH REPORTS INCLUDING BAIN & COMPANY, BARCLAYS, AND MCKINSEY & CO.

AM BEST AFFIRMS EIM'S "A" RATING FOR 2025

AM Best, recognized globally as the leading insurance rating agency, has reaffirmed Energy Insurance Mutual Limited's Financial Strength Rating (FSR) at A (Excellent) and its Long-Term Issuer Credit Rating (ICR) at "a" (Excellent) for 2025. Both ratings carry a stable outlook, reflecting AM Best's confidence in EIM's ongoing financial stability and risk management.

AM Best noted in its rating rationale the strength of EIM's balance sheet, which is underpinned by the strongest level of risk-adjusted capitalization, strong liquidity measures, and a sound reinsurance program. The agency also highlighted EIM's appropriate enterprise risk management practices, which help EIM navigate industry volatility and emerging risks.

EIM's President and CEO, Tommy Bolton observed of its 32-year track record of maintaining an "Excellent" rating, demonstrating long term resilience and reliability for our Members. We appreciate the continued support of our membership and partners and will continue to prioritize long-term financial strength, agility, and stability, ensuring we can meet the evolving risk management needs of Member companies in their dynamic environment.

EIS PAC ANNUAL CONFERENCE

The EIS PAC Conference will be held **October 26-29 at Wild Dunes Resort, Isle of Palms, SC.** Members can join the EIS team to discuss captive insurance strategies, regulatory updates, and emerging risk trends. The agenda includes individual Program Advisory Committee (PAC) meetings, a general session with performance and operations updates, and panels with risk managers sharing best practices, all designed to foster collaboration and deliver insights for the energy sector.

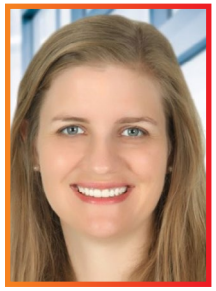
Congratulations to Megan Ogden who has been promoted to Vice President, Captive Subsidiaries at Energy Insurance Mutual (EIM) reporting directly to Tommy Bolton, President and CEO of EIM. Megan joined our staff in 2020 where she has transitioned into various leadership roles at Energy Insurance Services (EIS) and Energy Captive Management (ECM). Her new position will include supervisory oversight and responsibility of EIS and ECM.

CHRISTINE HOOGSTEDEN CELEBRATING 15 YEARS WITH EIM

When **Christine Hoogsteden** joined EIM in 2010 as an accounting manager, she immediately immersed herself in the company's financial activities, including preparation of quarterly and annual financial. statements, payroll administration, coordination of employee insurance coverage, and Board meeting preparations. At the same time Christine was dedicated to the rigorous training required to participate in Ironman triathlons of which she completed nine over the ensuing ten years.

While her triathlon activities have slowed over the last five years, Christine continues to excel as EIM's Director, Treasury where her responsibilities continue to expand. Congratulations to Christine and many thanks for your many contributions to the company.

FIVE-YEAR ANNIVERSARIES FOR LEGARE GRESHAM AND JEFF KING



Legare Gresham broke new ground five years ago when she joined EIM as Actuarial and Analytics Leader, the company's first in-house actuary. Her impact on EIM's underwriting and claims operations has been profound as has her support of EIS and its Mutual Business Program partners. Her extensive support of the captive industry was highlighted by her 2024 election as Chairman of the Board for the South Carolina Captive Insurance Association.

Many thanks to Legare for her unerring commitment to EIM, EIS and our member companies.

When **Jeff King** joined EIM in 2020 as a Senior Systems Developer the Company was in the throes of multiple, complex in-house development projects. His primary goal was to successfully navigate each project and deliver meaningful solutions that would help EIM employees be more efficient and effective. After five years, much progress has been made thanks to Jeff's dedication and hard work. If you check Jeff's LinkedIn profile you will see that he is, "Currently supporting systems development at a position, company, and with co-workers I love." The feeling is "mutual."

Thanks and congratulations to Jeff for all that he has contributed to EIM's success.

CONGRATS!

Q2 2025 FINANCIALS

As of and For the Period Ending June 30, 2025

Balance Sheets (Unaudited)
(Expressed in Thousands of U.S. Dollars)

	6/30/2025	12/31/2024
Assets		
Investments	$ 2,691,106	$ 2,422,832
Cash and cash equivalents	123,044	294,036
Reinsurance recoverables on losses	588,965	578,494
Prepaid reinsurance premiums	24,743	38,100
Premiums receivable	46,768	40,981
Income taxes recoverable (payable)	9,569	(9,139)
Other assets	3,395	3,208
Total assets	$ 3,487,590	$ 3,368,512
Liabilities and surplus		
Reserves for losses and loss adjustment expenses	$ 1,753,656	$ 1,587,680
Unearned premiums	256,364	333,864
Reinsurance premiums payable and funds held	10,792	15,511
Net deferred tax liability	50,310	38,159
Policyholder distributions payable	-	25,000
Accounts payable and accrued expenses	15,304	17,949
Total liabilities	2,086,426	2,018,163
Surplus	1,401,164	1,350,349
Total liabilities and surplus	$ 3,487,590	$ 3,368,512

Statements of Income (Unaudited)
(Expressed in Thousands of U.S. Dollars)

	6/30/2025	6/30/2024
Underwriting revenue		
Net premiums earned	$ 232,620	$ 162,690
Other underwriting income	-	4
Total underwriting revenue	232,620	162,694
Underwriting expenses		
Net losses and loss adjustment expenses	268,316	220,516
Policy acquisition costs	1,387	1,377
Administrative expenses	10,184	7,784
Total underwriting expenses	279,887	229,677
Loss from underwriting	(47,267)	(66,983)
Investment income	110,732	81,832
Income before income taxes	63,465	14,849
Policyholder distribution	-	-
Income tax expense	12,650	2,556
Net income	$ 50,815	$ 12,293

Statements of Changes in Policyholders' Surplus

(Expressed in Thousands of U.S. Dollars)

	06/30/2025	12/31/2024
Policyholders' surplus, beginning balance	$ 1,350,349	$ 1,234,116
Net income (loss)	50,815	116,233
Policyholders' surplus, ending balance	$ 1,401,164	$ 1,350,349

EIM's Members Report is electronically published four times per year. Comments, questions, and suggested subjects from members are sincerely welcomed.

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