



Midyear Update



**New Board Member
Giles Carmichael**



**Closing in on a
Year of Progress**



**AM Best +
David Hadler Award**



**Welcome
Betsy Silverstine**



Q2 2024 Financials



Hurricane Update



**New Members +
EIS PAC Conference**



EIM Energy School



On August 7th, EIM’s leadership team hosted a midyear webinar update which highlights several key components of the company’s 2024 progress as well as guidance on expectations for the remainder of the year. Led by CEO Tommy Bolton, updates were provided by VP - CUO Jill Dominguez; VP - Risk Management & Corporate Strategy, Tanner McAndrew; VP - Claims, Cindy Dobbins; VP - CFO, Jeff Tkacz; and Director of Member Engagement and Business Development, Pete Nadel. You can log into your member portal to view a replay of the webinar.

“Resilience” was the theme of the update as Tommy Bolton highlighted EIM’s commitment to problem solving, both today and in recent years, as the company works to find solutions to challenges rather than being overwhelmed by them. “Resilience,” Tommy observed, “defines EIM and how we think about the challenges facing us today. It also aligns EIM with its members where resilience represents the foundation upon which the energy and power industry is built.” Tommy expressed confidence that the team will continue to exhibit the resilience necessary to achieve favorable results in 2024 and continue delivering value to EIM members.

Overall, Tommy advised that policyholder’s surplus remains strong, with a 3.5% return on investments countering a net combined ratio of 141% through the first six months of the year. Wildfire claims continue to significantly impact the loss ratio. However, assuming no major

Q2 YTD	PROJECTED
135.5% Net Loss Ratio <small>(124% CY / 12% PY)</small>	109.3% Net Loss Ratio <small>(104% CY / 5% PY)</small>
5.6% Expense Ratio	5.6% Expense Ratio
3.5% Investment Return	6.1% Investment Return
1.0% Surplus Return	5.7% Surplus Return

unanticipated loss events through the second half of the year, the net loss ratio should trend downward, closer to the expected budget. EIM anticipates available surplus at the end of 2024 sufficient to support a member distribution recommendation to the Board or, alternatively, address member needs for additional capacity. EIM will work closely with the Board and Insurance Advisory Committee during the remainder of the year to weigh these two options.

UNDERWRITING

Jill Dominguez noted that the underwriting team has been working hard and member support has been exceptionally good during the challenging renewal process. Renewal trends have continued to reflect the cycles-long hard market, with general liability still seeing the most rate pressure while property and financial lines are seeing rate pressure taper off slightly. Jill also previewed the upcoming GL policy form refresh which seeks to modernize policy language and provide greater contract clarity for all.

WILDFIRE

Tanner McAndrew gave a detailed explanation of the three-step process EIM uses to assess wildfire premium. This process entails: (1) determining total annual premium needed; (2) allocating premium to members; and (3) applying further differentiation based on risk mitigation. Successfully executing these steps depends on the detailed analysis of each member’s electric transmission and distribution data, a comprehensive appreciation of current and future plans to manage WF exposure, and real-time

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awareness of developing WF activity. WF is a far-reaching and systemic risk for the energy and utility industry. Collaboration amongst mutuals, members, brokers and industry partners will be paramount to collectively managing this unique peril. Given where EIM is at midyear and barring any catastrophic wildfire activity from now through the end of the year, the support received from both members and brokers should enable EIM to continue to offer \$25 million sublimits for western states and Texas, and \$50 million for eastern states and Canada.

CLAIMS

Cindy Dobbins previewed the claims team’s series of member education articles, including the most recent publication on litigation management. There has been a significant increase in year-to-date first notices of loss, partially due to new reporting requirements. However, claim development continues to reflect an increase in both frequency and severity of claims entering the EIM layer.

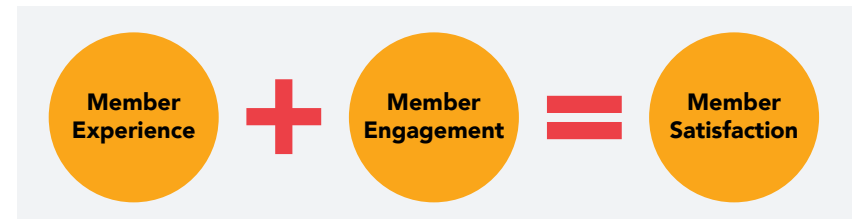
FINANCE

Jeff Tkacz provided a financial snapshot that reinforced the resiliency theme, affirming that, even in the face of the challenges addressed throughout the presentation, EIM remains financially strong and well positioned to meet members’ excess insurance needs, both now and in the future. Jeff highlighted the outstanding performance of the investment portfolio and the balanced risk strategy that is utilized to provide a meaningful return while protecting against downside market fluctuations. He then reviewed year-to-date key performance indicators along with EIM year-end projections, which assume second half 2024 results

continue as expected. Volatility in claims activity and investment performance can change the outlook.

MEMBER ENGAGEMENT

Pete Nadel took a moment to introduce the new Microsoft Teams Risk Community platform (see page 5) for member-focused risk community engagement. EIM has opened its Microsoft Teams platform to Member Risk Managers as guests, providing access to a dedicated channel that can be used for communication with Peers in an easily accessible, safe environment. Interested users can log into their Member Portal, request access, and start using it right away.



In closing, Tommy thanked attendees for their time and reiterated EIM’s commitment to member support and long-term capacity. There is work to do on several fronts, and it will require collaboration with members, brokers, and industry partners. As part of the solution, EIM will continue to focus on its financial strength and the prudent management of member surplus. He assured members that, “EIM remains resilient and financially strong and stands ready to support the membership’s future needs.”



CLOSING IN ON A YEAR OF PROGRESS

At the February 2024 Risk Managers Information Meeting EIM charted a course for success that highlighted five strategic themes: Meeting Member Company Needs, Enhancing Member Engagement, Responding to Competition, Management Succession, and Advancing Internal Capabilities. Progress has been made in each of these areas, with individual initiatives often supporting multiple strategic imperatives, including evaluating product offerings (in terms of product lines, limits and attachment points), diversifying premium sources, leveraging technology (with a focus on data capture and modelling), and streamlining internal processes, practices and policies. The cumulative impact of these actions, both today and over the next two years, will be to advance EIM's foremost priority which is member satisfaction.

MEMBER COMPANY NEEDS

EIM continues to evaluate its flagship general liability coverage to ensure prudent attachment points, premium adequacy, and meaningful coverage terms. By correlating risk and premium on a company-by-company basis using granular experience data to model potential outcomes, EIM is better positioned to provide consistent coverage at cost-effective pricing while maintaining financial stability. In lines of business such as property and cyber where member demand is on the rise, EIM has worked to increase overall capacity and to address emerging needs such as builders risk, where it has received 25 new submissions, binding 14 of them.

On the claims front, EIM has leveraged its proprietary EPIC claims administration platform to automate first notice of loss reporting and expedite claim review, initial reserve assessment,

and ultimate claim resolution. As part of this process, EIM has streamlined loss adjustment expense guidelines, (increasing payment authority) while building in-house capabilities to administer core claims handling processes and decision-making.

MEMBER ENGAGEMENT

Underlying EIM's commitment to member engagement is the goal of fostering ongoing loyalty through regular interaction designed to improve member satisfaction. This entails revamping the member survey to encourage greater participation and eliciting more actionable feedback and insights to help set meaningful strategic priorities representative of perspectives shared by the full membership. The survey results will be shared in the next Member report and discussed at the RMIM in March.

Additionally, EIM has participated in more than 45 individual member company meetings, outside of Member Underwriting meetings, designed to gather feedback on company performance as well as capture actionable market and member company data. Further expanding on EIM's commitment to member engagement has been the inclusion of broker meetings focused on market conditions, energy industry risk management needs, and overall industry claim trends. Meetings with seven brokers have been held quarterly in 2024 developing significant market commentary which has assisted in further refining EIM's strategic assessment of its short and long-term goals and objectives,

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In July 2024, EIM launched its online EIM Teams platform that enables member company risk managers to communicate information and knowledge with similarly situated risk managers and serves as a centralized resource for cross-member information sharing. Over 20 members have begun using the network with more users anticipated during the fourth quarter.

EIM MICROSOFT TEAMS RISK COMMUNITY

EASY TO USE

- No additional login
- Works seamlessly with existing Teams Profiles

COLLABORATION

- Post questions, polls, and comments to generate collaboration
- Get insight from peers who have encountered similar challenges

PEER TO PEER CHAT

- Instant chat ability with other risk managers and EIM Member Relations team

SAFETY

- Exclusive community open only to Member risk management staff
- All users verified as EIM members

Member engagement has also encompassed greater involvement in industry groups such as the Edison Electric Institute, American Public Power Association, and Insurance Information Institute as well as risk community webinars on topics such as vegetation management and wildfire. This outreach has provided many opportunities to build network with peers, create stronger working relationships, and hear directly from members about the issues that are impacting them most significantly.

These initiatives represent significant progress toward increasing our engagement with Members. As a result of these initiatives, there have already been changes discussed and implemented along various parts of EIM's operations and we will continue to capitalize on this dialogue to help inform our strategy going forward.

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MANAGEMENT SUCCESSION AND INTERNAL CAPABILITIES

In recognition of the need to expand and augment internal capabilities, EIM has added internal expertise in areas such as actuarial, data modelling, information technology, strategic planning, and member relationships while expanding its existing staff in the claims, underwriting, information technology and alternative risk disciplines. EIM plans to add additional staff over the next 24 months. These additions bring new or augmented skill sets that will enhance the member experience and engagement with EIM.

The newly added professionals will also provide EIM with a broader base from which to build its succession planning efforts while continuing career growth and development efforts. This will include internal training, both formal and “on-the-job,” along with external development involving industry seminars, educational opportunities, and coaching.

Although adding to staff, EIM remains a lean organization with fewer than 40 employees and an expense ratio under 6%. This puts a premium on leveraging relationships with business partners. EIM has committed to more frequent meetings with broking partners, seven of which have already been held, to gain current feedback on member company needs and market conditions. EIM has also refreshed its outside counsel panel to ensure that the

highest level of energy industry legal experience is available across the nation while also confirming the EIM panel law firms are committed to and share EIM’s perspective on diversity, equity, and inclusion.

Building the infrastructure necessary address an evolving industry risk management landscape and ensuring the future sustainability of these capabilities are essential components to EIM’s strategic direction.

During 2024, EIM has taken many steps to meet the commitments made at the 2024 Risk Managers Information Meeting. All of these actions have been undertaken with an eye toward creating a better member experience and greater member engagement, both of which are integral elements to the goal of exceptional member satisfaction. While challenges remain, EIM’s strategic plan best positions the company to meet and exceed member expectations today while laying the foundation for constant improvement in the years to come.



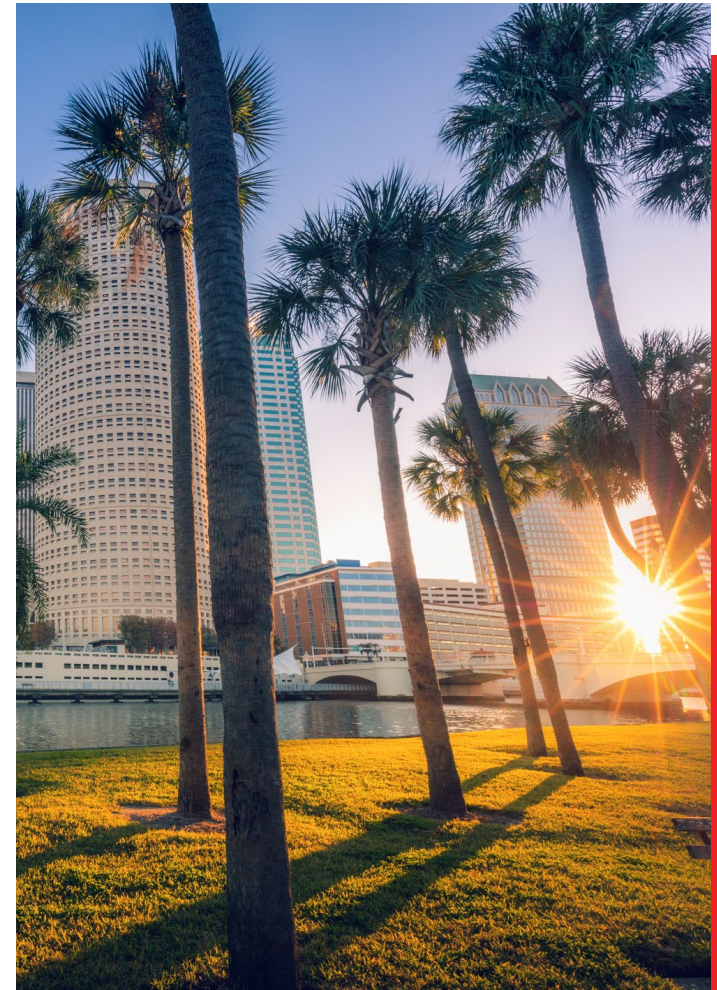
STORM UPDATE

In late September and early October 2024, Florida was struck by hurricanes Helene and Milton, causing fatalities, billions of dollars in property damage, and widespread power outages. Hurricane Helene made landfall in northern Florida on September 26, causing flooding and power loss in the Tampa area. The storm moved quickly to Georgia and the Carolinas where it caused massive flooding and property damage. On October 9, Hurricane Milton made landfall in the Sarasota/Siesta Key area as a Category 3 storm with winds recorded up to 100 miles per hour, dropping over 18 inches of rain in the Tampa Bay area in a 24-hour period. While Tampa was spared a direct hit by the hurricane, it saw massive flooding, severe storm surge, and loss of power to millions.

Upon receiving mandatory evacuation orders for Hillsborough County, EIM closed its Tampa office and initiated its business continuity protocol, taking steps to implement its disaster recovery plan. While the storm made landfall south of Tampa, its size and scope had a catastrophic impact on the Tampa Bay area that will require months of recovery. EIM's thoughts and prayers go out to all families and businesses in Florida and along the East Coast impacted by the back-to-back storms. With the assistance of a solid disaster recovery plan, we were fortunate, in both instances, to have continued uninterrupted business operations in both Tampa and Charleston, South Carolina.

Currently, EIM, EIS, and ECM have joined the effort to recover, rebuild, and move forward from this series of unprecedented events.

Thank you to all who supported us and wished us well during this trying time.



NEW BOARD MEMBER GILES CARMICHAEL

WELCOME



Giles A.M. Carmichael
*LL.B (Hons), LL.M, MBA,
Managing Consultant,
Partner*

Giles Carmichael, Managing Partner of Barbados-based law firm Chancery Chambers, joined the EIM Board in May 2024. The son of recently retired founding director, Sir Trevor Carmichael, Giles brings with him a wealth of institutional knowledge regarding EIM and ensures the continuity of EIM's longstanding business relationship with Barbados.

Giles focuses most of his practice on corporate and commercial matters, advising clients on regulatory issues in the areas of banking, insurance and securities, while also overseeing general management of the firm.

A graduate of Durham University in England where he studied law, Giles furthered his studies by obtaining a Masters in Law from Suffolk University Law School in Boston and an MBA from the IE Business School in Madrid.

Giles, representing a third generation of Carmichael attorneys, is admitted to practice law in Barbados and is a member of the American Bar Association,

Institute of Directors, International Tax Planning Association, and the New York State and New York City Bar Associations. He holds a Trust and Estates Practitioner (TEP) designation from the Society of Trust and Estate Practitioners (STEP) and has a Member of the Chartered Institute of Arbitrators (MCI Arb) designation from the Chartered Institute of Arbitrators (CI Arb).

Marcus Brown, EIM's Board Chair noted, "We are pleased that Giles has agreed to serve on the EIM Board and to continue a family tradition that began more than 30 years ago. Giles' familiarity with the company, coupled with his detailed understanding of the Barbados corporate, commercial, and regulatory environment, provides EIM's with invaluable knowledge and expertise."

Giles looks forward to the opportunity to continue the relationship established by his father and Chancery Chambers more than three decades ago.

On behalf of the Board, member companies, and EIM, we welcome Giles and his wife, Carla.



WELCOME BETSY SILVERSTINE

WELCOME



In July 2024 Betsy Silverstine joined EIM as Director of Claims, overseeing the administration of property and casualty excess of loss claims. A 2003 graduate of Florida State University with a BS in Sociology, Betsy received her law degree in 2007 from the University of Miami School of Law. After law school, she headed north to New York where

she spent more than ten years in private practice specializing in insurance defense, with a focus on professional liability, property and general liability matters.

Betsy then transitioned to in-house third-party administrator and insurance company roles concentrating on claims management in, among other areas, excess and surplus lines, property, specialty, environmental, and general liability. This experience ultimately led her to Washington, D.C. where she filled a newly created role as Senior Claims Manager for a leading, publicly traded multifamily real estate investment trust that developed, redeveloped, acquired, and managed distinctive apartment communities across 12 states and Washington, D.C. There, Betsy managed the company's self-insured claims program, overseeing the organization's captive insurer, installing a new risk management system, and coordinating with outside counsel and a third-party administrator.

Although Betsy was gaining invaluable experience on the claims management side, she was interested in the underwriting process as well. She capitalized on this interest by taking a position as Director Risk Management & Insurance at a Baltimore-Washington metropolitan area not-for-profit healthcare

organization operating more than 120 entities, including ten hospitals, in the Baltimore-Washington metropolitan area. As someone who was always intrigued by the healthcare sector, which was prompted in no small part by the fact that her father is a doctor, Betsy spent the next three years purchasing \$1 billion in annual insurance coverage for the organization's, a broad array of business lines, along with managing the group's captive insurance entity.

When Betsy learned of the Director of Claims position at EIM she saw it as an opportunity to get back to claims administration and a chance to return to her Florida roots where her immediate family and relatives still reside. While she enjoyed the energy of Manhattan and the outdoor activities afforded by the beautiful countryside surrounding Washington, D.C., Florida held a special appeal, particularly after she learned more about EIM and met with her future colleagues.

"I was struck by the strong commitment to member companies and the hardworking approach taken by EIM staff." says Betsy, "The size and complexity of EIM's claims offer a challenge that I missed during my days on the insurance placement side, and I am eager to help members effectively manage risk and resolve covered losses."

In addition to reconnecting with family, Betsy looks forward to meeting member company risk managers, networking with other women professionals in the Tampa Bay area, and enjoying Florida's great weather and its year-round outdoor activities.

Please join us in welcoming Betsy to EIM as she returns to her Florida roots!



WELCOME NEW MEMBERS



HOPE UTILITIES

Hope Utilities, founded in 1909 and headquartered in Morgantown West Virginia, is a holding company that owns natural gas and water distribution utilities across nine states. Providing services to more than 227,000 residential, commercial, and industrial customers, Hope currently operates natural gas utilities in Indiana, Maine, Montana, North Carolina, Ohio, and West Virginia, along with water and wastewater utilities in Arizona, Michigan, and Texas. The company also provides natural gas production and natural gas marketing through their subsidiary companies.



**LOOKING FORWARD
TO SEEING YOU
IN CHARLESTON**



Just a reminder that the EIS PAC Annual Conference will take place on October 28th through 31st at the Mills House Hotel in Charleston, South Carolina.



SOUTH BOW CORPORATION

South Bow Corporation is a strategic liquids pipelines company that connects resilient Canadian crude oil supply to U.S. markets. Operations include approximately 4,900 km (3,000 m) of pipeline infrastructure, connecting Alberta crude oil supplies to U.S. refining markets in Illinois, Oklahoma, and the U.S. Gulf Coast. The company is a spinoff of TC Energy Corporation's Liquids Pipelines business.



WEATHERING ANOTHER SUCCESSFUL ENERGY SCHOOL

The 17th Energy School was hosted in Tallahassee, Florida on May 13-17, 2024 by the Dr. William T. Hold/The Alliances Program in Risk Management and Insurance at Florida State University's College of Business, one of the oldest and largest risk management programs in the nation. Sponsored by AEGIS, EIM, Everen Specialty, and NEIL, the School convened amidst the fallout from six tornadoes that impacted the Tallahassee area on May 10.

Despite some scheduling adjustments necessitated by the weather, the 35 attendees enjoyed a jam-packed itinerary. Numerous industry and subject matter expert presented on topics including, among others, distributed generation, catastrophic loss, capital management, and alternative risk management solutions. The group also formed teams to explore demanding case studies where they designed solutions to a litany of contemporary risk management concerns, all of which culminated in juried presentations to a panel of academic and industry experts.

As in past years, the symposium offered an intensive and stimulating educational forum customized to address the challenges and opportunities of today's energy industry. Over the four-day session, participants experienced a unique and thought-provoking learning environment that offered timely information on industry trends, emphasized

competency in performance, and enriched relationships and networks. Attendees overwhelmingly agreed that the conference was a very valuable educational experience and that they were likely to recommend it to co-workers or colleagues.

Congratulations to all who participated in this year's Energy School and thanks to all those who contributed their time and effort to making The Energy School a success.



AM BEST AND DAVID L. HADLER AWARD



AM BEST CONFIRMS EIM "A" (EXCELLENT) RATING

Effective July 11, 2014, AM Best, the world's largest rating agency for the insurance industry, affirmed the Financial Strength Rating (FSR) of A (Excellent) and the Long-Term Issuer Credit Rating (Long-Term ICR) of "a" (Excellent) for EIM. The outlook for each rating is affirmed as stable.

AM Best noted that 2024 ratings reflect EIM's balance sheet strength (assessed as strongest), favorable operating performance, natural business profile, and appropriate Enterprise Risk Management. Expanding further on EIM's favorable operating performance, AM Best anticipated that EIM's fundamentals will remain solid and supportive of the strongest level of balance sheet strength.

EIM's president and CEO, Tommy Bolton, observed that, "EIM has maintained its more than three-decades long A (Excellent) rating by AM Best in the face of unprecedented challenges and emerging risks facing the energy industry. The company continues to exhibit the resilience necessary to meet member company risk management challenges while remaining steadfast in its commitment to a long-term and stable underwriting, financial, and operational foundation."

NOMINATIONS FOR THE DAVID L. HADLER RISK MANAGER OF THE YEAR AWARD

The first David L. Hadler Risk Manager of the Year award was presented at EIM's 25th Risk Manager's Information Meeting in 2011. Dedicated in memory of David, who was the President and CEO of Energy Insurance Mutual from 1993 until 2009, it is awarded to the member company risk manager who embodies the professionalism, commitment to excellence and long-standing dedication to risk management that were the hallmarks of David's career. EIM directs a \$5,000 donation to the risk management program at the college or university of the recipient's choice.

This year will celebrate the 15th recipient of the Hadler award which has provided more than \$100,000 in direct and matching gifts to institutions of higher learning who offer risk management curricula. The interest in and support of this award by the energy industry has benefited numerous students at various college and university risk management programs across the country. Since the award began, there have been many innovative and meaningful ways that award recipients and their chosen schools have used the award proceeds to help to educate young people and to provide opportunities to further careers in risk management.

Please take the time to nominate a deserving member of the energy and utility risk management community for this very special recognition [at this link](#). All nomination forms are due by November 30, 2024. Contact Jill Dominguez, Vice President and Chief Underwriting Officer at EIM (jdominguez@eimltd.com) with any questions or inquiries.



Q2 2024 FINANCIALS

As of and For the Period Ending June 30, 2024

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

	6/30/2024	12/31/2023
Assets		
Investments	\$ 2,179,917	\$ 2,230,574
Cash and cash equivalents	215,335	147,853
Reinsurance recoverables on losses	572,895	550,218
Prepaid reinsurance premiums	35,148	31,114
Premiums receivable	42,747	33,208
Income taxes recoverable	1,245	(1,889)
Other assets	3,540	2,262
Total assets	\$ 3,050,827	\$ 2,993,340
Liabilities and policyholders' surplus		
Reserves for losses and loss adjustment expenses	\$ 1,533,185	\$ 1,472,554
Unearned premiums	208,188	222,405
Reinsurance premiums payable and funds held	10,838	11,571
Net deferred tax liability	38,653	36,097
Accounts payable and accrued expenses	13,554	16,597
Total liabilities	1,804,418	1,759,224
Policyholders' surplus	1,246,409	1,234,116
Total liabilities and policyholders' surplus	\$ 3,050,827	\$ 2,993,340

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

	6/30/2024	6/30/2023
Underwriting revenue		
Net premiums earned	\$ 162,690	\$ 156,236
Other underwriting income	4	(3)
Total underwriting revenue	162,694	156,233
Underwriting expenses		
Net losses and loss adjustment expenses	220,515	200,232
Policy acquisition costs	1,377	1,205
Administrative expenses	7,784	7,226
Total underwriting expenses	229,676	208,663
Income (loss) from underwriting	(66,982)	(52,430)
Investment income (loss)	81,831	84,223
Income (loss) before policyholders' distribution and income taxes	14,849	31,793
Distributions to policyholders	-	-
Income tax expense (benefit)	2,556	5,981
Net income (loss)	\$ 12,293	\$ 25,812



Statements of Changes in Policyholders' Surplus
(Expressed in Thousands of U.S. Dollars)

	06/30/2024	12/31/2023
Policyholders' surplus, beginning balance	\$ 1,234,116	\$ 1,148,072
Net income (loss)	12,293	86,044
Policyholders' surplus, ending balance	<u>\$ 1,246,409</u>	<u>\$ 1,234,116</u>

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

Energy Insurance Mutual Limited
 Bayport Plaza, 3000 Bayport Drive
 Suite 550
 Tampa, FL 33607-8418

800-446-2270 813-287-2117
eimltd.com

