



**Underwriting
Segue**



**EIS 2025
PAC Conference**



IAC Update



New IAC Members



**Welcome
Anthony Decosta**



2025 Distribution



**EIM - Celebrating
40 Years**



**Q3 2025
Financials**



UNDERWRITING SEGUE

LAURA LAM – EIM’S NEW CHIEF UNDERWRITING OFFICER

A SEGUE, NOT A TRANSITION

Transition – a sometimes jarring or abrupt process of changing from one state or condition to another.

Segue – a smooth or fluid shift without interruption from one role, state, or condition to another.



Laura Lam

On January 1, 2026, Laura Lam assumed the role of Vice-President – Chief Underwriting Officer following the retirement of Jill Dominguez, who led EIM’s underwriting activities for more than three decades. Stepping into the shoes of an industry icon is not easy, but Laura prefers to talk about a leadership segue rather than a transition.

With a strong, highly experienced, and dedicated underwriting team, it will be “business as usual” at EIM with the underwriting team continuing its commitment to member focus. This means a seamless segue that remains dedicated to membership underwriting needs centered on responsive lines of business, meaningful policy limits, and efficient long-term cost of excess insurance coverage.

Strong member company relationships focused on individual company risk management needs remain paramount. With

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UNDERWRITING TEAM UPDATE



Amy Schrimsher

Amy Schrimsher has been promoted to Director of Product and Underwriting Strategy, Casualty. Amy joined EIM almost four years ago and has over 21 years of experience in Commercial Insurance and Risk Management, most notably in Underwriting and Product leadership roles.

Amy’s innovative and creative thinking, dedication, and contributions have been pivotal in shaping the strategic direction and achieving success in EIM’s product and underwriting initiatives. In this newly created role as Director, she will continue to maintain EIM’s Casualty product suite of forms and endorsements, while contributing to underwriting strategy development and implementation, on both an enterprise and member-specific level.



UNDERWRITING SEGUE (continued)

hundreds of risk manager and broker meetings conducted throughout the year, along with many Member Engagement and “Mutual Advantage” sessions involving EIM’s senior management team and member company executives, the underwriting process remains designed to deliver quality products and services.

As part of the leadership segue, the underwriting group continues its commitment to streamlining the underwriting process through technology and implementing, where appropriate, artificial intelligence applications. Anticipated additions to underwriting staff will provide broader and deeper line of business expertise and support, further augmenting the underwriting segue. In addition, the recent appointment of Amy Schrimsher as Director of Product and Underwriting Strategy, Casualty recognizes the importance of remaining aligned with risk managers as they formulate risk management strategies designed to meet the challenges of an evolving energy landscape.

The power industry may be experiencing rapid and profound change, but EIM is committed to a smooth and fluid leadership passage marked by an uninterrupted adherence to the company’s “member focus” philosophy.

***It is, after all,
a segue not a transition.***

SEE YOU IN TAMPA!

40 & FORWARD EIM

**2026 RISK MANAGERS
INFORMATION MEETING
FEBRUARY 22-24, 2026**



EIS 2025 PAC CONFERENCE



Megan Ogden

Energy Insurance Services, Energy Captive Management, and Energy Insurance Mutual hosted the annual Policyholder Advisory Committee (PAC) conference held on October 27-30 at the Wild Dunes Resort in Isle of Palms, South Carolina. Welcoming more than 70 attendees, the conference included individual meetings with PAC representatives of the 26 active EIS Mutual Business Programs (MBPs), all sponsored by EIM members. Individual PAC meetings held throughout the week included detailed reviews of 2025 year-to-date MBP performance, highlighting premium and loss statistics, underwriting activity, investment returns, accounting recaps, and actuarial assessments.

The conference also included a Tuesday morning general session where attendees were welcomed by EIM President and CEO, Tommy Bolton and Vice President and CFO, Jeff Tkacz. Before turning the program over to the EIS/ECM team, Tommy echoed industry sentiment that captives offer efficiency in managing claims and mitigating risk while providing the ability to engage in focused underwriting and greater control of operating costs.

Megan Ogden, EIM Vice President, Captive Subsidiaries, provided a summary of the strong performance turned in by EIS to date in 2025. Annual net premium written increased by 22% as MBPs continued to add new risks to their captive cell operations while also retaining more risk in their existing portfolios. Consolidated surplus—the collective surplus carried by the 26 active MBPs—topped \$293M for the year to date, which included the addition of two new protected cell entities.

She also provided a domicile update, noting that Andy Noga was named the Director of Captives at the South Carolina Department of Insurance (SCDOI) in April 2025. Updated captive legislation known as the South Carolina Captive Bill S. 210 was passed and signed into law in May 2025. This legislation will streamline captive regulation and promote growth within the state, currently the sixth largest captive domicile in the United States.

Notable updates to South Carolina's captive statute include: (1) recognizing protected cell entities as stand-alone companies; (2) refining captive insurer capital, surplus and/or net asset thresholds by examining individual entities rather than employing a one-size-fits-all blanket requirement; (3) standardizing reporting forms to be used by all licensed captives; and (4) providing the SCDOI discretion to determine how often individual regulatory audits must take place rather than following a fixed timeframe applicable to all captive operations.

Although EIS currently has no incorporated cells, Megan advised that A.M. Best has revised its criteria for providing insurer credit and financial strength ratings for individually incorporated cells. In its final version of the revised criteria procedure, AM Best established a path to assigning Issuer Credit Ratings (ICR) and Financial Strength Ratings (FSR) for individual incorporated cell entities. Additional changes include: renaming the criteria procedure; updating nomenclature for cell companies and the various cell structures used in the insurance industry; affirming that the weakest

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link approach remains the path for rating unincorporated cell companies; setting baseline operational and legal foundational requirements for cell entities; adding detail to support acceptable letter of credit conditions; and other minor editorial revisions to provide clarity to this process.

South Carolina continues as a market-leading domicile for captive insurers, having long recognized that there are innumerable benefits delivered by captives, including improved risk evaluation, refined claims analytics, and enhanced operational efficiencies.

Kim Jenkins and the ECM team introduced the new MBP dashboard which provides a direct feed from the EIS general ledger and underwriting systems. The dashboard is tiered in three levels. Tier A – Robust MBP, is designed for mature captives with large, retained risks and contains detailed claims and investment data. Tier B – Intermediate MBP provides claims information and investment details for cells that have periodic claim activity and straightforward investment portfolios. For cells engaged in 100% passthroughs to reinsurance partners, Tier C – Simple MBP provides a summary of surplus and net income.

Legaré Gresham, EIM's Actuarial and Analytics Leader, took participants through two wildfire case studies examining the process of estimating case reserves and incurred but not reported (IBNR) reserves. Case reserves represent the estimate of the ultimate expected loss of an individual reported claim and are usually undertaken by a claims adjuster. Reserves for claims that have occurred but not yet been reported (IBNRY) as well as reserves for future development on reported claims but not enough has been reserved (IBNER) are subject to a broader and more in-depth actuarial analysis.

This analysis employs data and statistical methods taking into consideration, among other elements, the status of claims in underlying layers, a review of underlying coverage reserving practices, frequency of losses exhausting underlying coverage layers, excess claim reporting patterns, severity of underlying losses, and historical loss data. The goal of this analysis is to ensure that there are sufficient reserves set aside to meet policyholder obligations while maintaining the insurer's financial strength and stability.

Alex Murray and Will Motley from Johnson Lambert LLP (JL) joined the session and provided an overview of the JL audit deliverables for 2026. As part of its annual audit process, the firm conducts financial reviews, in accordance with generally accepted audit standards, of EIS and selected MBPs to ensure that underlying financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). As part of this audit process JL examines: (1) **investments**, paying particular attention to confirmation of investment balances, valuations, and potential credit loss; (2) **underwriting**, with a focus on the underwriting process and associated policy issuance, confirmation of coverage terms and conditions along with any related reinsurance protection, sampling of direct and ceded premium and loss transactions, and assessment of collectability for any outstanding premium or losses; (3) **claims**, concentrating on the claims administration process and internal controls, together with a review of actuarial analyses for outstanding claims; (4) **financial reporting**, with a sampling a journal entries; and (5) **income taxes**, including testing for income and deferred taxes to ensure proper valuation and allocation to MBPs.

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EIS 2025 PAC CONFERENCE (continued)

In addition to outlining 2026 audit plans, JL also reported on the successful completion of ECM's SOC-1 Type 2 audit. The audit assesses the design and operational effectiveness of ECM's internal controls related to financial reporting over time. More specifically, JL examined the internal controls associated with ECM's insurance services, cash management, financial reporting, and information technology activities. The audit provides a high level of assurance that MBP activities are being properly administered using prudent controls to ensure that they are properly executed, recorded, and reported.

The general session closed with a panel discussion, moderated by Pete Nadel, EIM Director, Business Development & Member Relations, that included Amy Ortega, Leader, Risk & Insurance, Arizona Public Service Company, Kristen Labatt, Manager, Risk Management, Entergy, and Tatyana Dunagan, Insurance Administrator, Xcel Energy. The panel focused on each member company's experience with protected cell captives and the value derived from their respective MBPs.

The PAC conference again provided clear evidence that, when faced with unique risk exposures or heated market conditions where price and/or terms and conditions are unpalatable, captives offer the flexibility to provide customized, efficient risk transfer alternatives. And, as EIS MBP historical performance has proven, appropriately capitalized, prudently administered protected cell entities can provide sound risk management solutions while often yielding a meaningful return on capital.

In closing, Megan thanked attendees for their participation and invited all to mark their calendars for the November 8-11, 2026 PAC meeting to be held at The Emeline in Charleston, SC. **See you in 2026!**

INQUIRIES ABOUT POTENTIAL PROTECTED CELL ALTERNATIVES CAN BE ADDRESSED TO MEGAN OGDEN at mogden@eimltd.com



**TOMMY BOLTON
WELCOMES PAC
ATTENDEES**



THE EIS/ECM TEAM



SAVE THE DATE

**NOVEMBER 8-11, 2026
PAC CONFERENCE
The Emeline • Charleston, SC**



IAC: STAYING ABREAST OF EVOLVING INDUSTRY ISSUES



Arnold Garcia
IAC Chair

The Insurance Advisory Committee had a busy 2025 as it continues to meet quarterly with EIM senior managers and track emerging issues. Task forces focused on Cyber, Regulatory, Artificial Intelligence (AI), Energy Market Evolution, Emerging Risk, and Wildfire were all monitoring significant developments in their respective areas of interest.

Cyber threats remain a primary concern within the energy sector as the 2024 average cyber incident cost for companies with more than \$2 billion in annual revenue now totals \$10.3 million. While down from the prior year average of \$12.7 million per event, cyber remains a worldwide threat that has prompted discussion of a federal reinsurance backstop program that could respond to widespread catastrophic events.

The **Regulatory** task force spent a substantial amount of time parsing the impact of the recently passed federal tax bill which reflects a significant shift in energy policy. Elimination of clean energy tax credits and introduction of incentives for mining, drilling, and traditional energy production portend dramatic shifts in power production, transmission and distribution.

In addition to examining the broad-ranging risk management challenges presented by ongoing **AI development**, the AI task force has also assessed the potential impact of increased

power demand occasioned by energy-hungry AI data centers coming online throughout the United States.

With the ever-changing energy landscape, the **Energy Market Evolution** task force has evaluated alternative energy sources such as liquefied natural gas, small nuclear reactor technology, and battery storage capabilities. The task force has also considered the impact of carbon capture on clean energy initiatives.

Dovetailing the efforts of the Energy Market Evolution task force are the activities of the **Emerging Risk** task force which has focused on the risk management challenges introduced via new technologies. These risks can include power grid bottlenecks, supply chain disruptions, power generation and distribution reliability, and strategic vulnerabilities.

The **Wildfire** task force remains very active tracing the impact of wildfire losses on utilities and insurers while also monitoring state legislative efforts (particularly in the western areas of the U.S.) to mitigate wildfire risk and liability for utilities.

In addition to task force activities, the IAC continues to work closely with EIM senior managers on day-to-day operational issues relating to underwriting, claims, and financial matters, providing feedback from a member company risk manager's perspective.

The IAC expects a full agenda for 2026 and welcomes new vice-chair Gordon Payne, Director, Risk Management, Fortis Inc., along with three new IAC members, Katie Cormier, Insurance Program



Manager for Salt River Project (SRP), Stacy Frey, Director of Corporate Insurance, PPL Corporation, and Ron Gibbs, Manager – Insurance & Risk Management, Chelan County Public Utility District.

Thanks to EIM members for their ongoing support and to those who have given of their time to help EIM continue its decades-long history of providing members with meaningful, cost-efficient excess insurance coverages.



IAC TASK FORCE MEMBERS

- » **Cyber Liability:** Kathy McElwaine, Mike McFarland, Gordon Payne, Frank Stanbrough, Tim Underwood (chair)
- » **Regulatory:** Arnold Garcia; Tim Underwood, Lisa Fleischer (chair)
- » **AI:** Kyle Gibbs, Kathy McElwaine, Randy Murdaugh, Chris Patterson, Frank Stanbrough (chair)
- » **Energy Market Evolution:** Arnold Garcia, Loida Morrison, Kathy McElwaine (chair)
- » **Emerging Risk:** Mike McFarland, Gordon Payne, Kyle Gibbs (chair)
- » **Wildfire:** Loida Morrison, Chris Patterson (chair)
- » **Nominating:** Arnold Garcia, Tommy Bolton, Pete Nadel, Mike McFarland (chair)



Gordon Payne

IAC VICE CHAIR

At the December 2025 Insurance Advisory Committee meeting, Gordon Payne, Director, Risk Management, Fortis Inc. was elected vice-chair. Gordon joined the IAC in 2021 and has served on various task forces, including Cyber Liability and Emerging Risk.

Gordon is looking forward to his new role supporting IAC chair, Arnold Garcia, Director, Insurance, Duke Energy, and anticipates that the IAC will continue working closely with EIM senior managers while also supporting the EIM Board. "I have always enjoyed the ability to provide direct feedback to EIM on its operations, particularly regarding underwriting strategies," says Gordon. His IAC participation also gives Gordon the opportunity to share experiences with other IAC members and better understand the strategic initiatives pursued at EIM.

Confident that IAC members are active and committed, possessing the depth, breadth, and diversity of expertise to offer informed and experienced input to EIM, Gordon believes the IAC is well-positioned to play a meaningful role in helping design, support and advance EIM's key strategic initiatives.



KATIE CORMIER



Katie Cormier, Insurance Program Manager for Salt River Project (SRP), the third largest public power utility in the nation, has recently joined the Insurance Advisory Committee. Katie graduated from Arizona State University with a Bachelor in Interdisciplinary Studies where she also earned her MBA with a concentration in Leadership, Supply Chain, and Entrepreneurship.

Her 14-years' experience in the Risk Management department at SRP and hands-on work with SRP's single-parent captive adds a unique perspective and powerful skill set to the IAC.

As a quasi-governmental and not-for-profit entity, SRP is involved in both water delivery (where SRP does not only own the dams but operates on behalf of the Bureau of Reclamation) and power generation, where Katie prepares and places more than 30 insurance programs. As a member of the Arizona House of Representatives Fire Preparedness Ad Hoc Committee, Katie is also well-versed in the challenges attendant to wildfire coverage and capacity.

SRP has been a consistent and a strong proponent for the utility mutuals and Katie has mirrored this dedication through her service since 2017 as a member of the NEIL Insurance Advisory Committee as well as holding various positions, including board member, of the Arizona Risk Management Society (RIMS). She looks forward to supporting the mutuals by serving on the IAC and collaborating with other risk managers to identify opportunities for continuous improvement within the industry mutuals.

STACY FREY



With a career in the insurance industry that spans 32 years, of which 24 have been in the insurance department of PPL Corporation located in Allentown, Pennsylvania, Stacy Frey, Director of Corporate Insurance, has joined the EIM Insurance Advisory Committee. Her ARM and CPCU certifications, coupled with her BA in mathematics with a minor in economics from Shippensburg University, provided

her with a strong foundation for her successful career in energy and insurance.

In her more than two decades with PPL, Stacy has experienced de-regulation of generation plants in Pennsylvania, along with ESG pressures on Kentucky coal plants. Over the next five to 10 years, she will see the construction of several gas combined cycle plants in Kentucky to replace a retiring coal fleet, while concurrently implementing various solar and battery storage projects. Add to this list the new customer loads expected from data centers planned within PPL's service areas. Her wealth of experience with a regulated utility and prior tenure as a commercial lines underwriter are a solid complement to the IAC's current lineup of risk management professionals.

Stacy sees her participation on the IAC as an opportunity to share her decades of experience and knowledge with other risk managers and to identify risk management opportunities that will benefit EIM and its member companies. In addition, Stacy firmly believes that IAC participation will provide her with valuable insights that will help her in her day-to-day risk management activities.



RON GIBBS



Ron Gibbs, Manager – Insurance & Risk Management, for Chelan County Public Utility District has joined the IAC. Located in Washington state, Chelan County PUD operates three hydropower dams on the Columbia River. In addition to transmission and distribution operations, the District provides water, wastewater, and fiber optic services.

While nestled in the rugged Cascade Mountains of eastern Washington, with remote peaks and picturesque rivers and lakes, the District is actively involved in many of the risk management issues central to the energy industry. He is currently a member of a statutorily formed Wildfire Property Mitigation Standards Working Group, chaired by the Washington State Office of the Insurance Commissioner, where he is helping develop statewide wildfire mitigation standards. He is also an active member of the Washington, D.C.-based Large Public Power Council, serving on the ERM, Insurance, and Northwest Utility working groups, while also serving as a presenter on various topics at annual conferences. At the PUD, Ron has served on various committees including an AI Standards Committee, a Cyber Risk Oversight Committee, and a Wildfire Mitigation Working Group which he chairs. He also manages the organization’s Enterprise Risk Management department and was instrumental in the successful passage of HB 1842, Washington state legislation that allowed PUDs to form captives.

Ron believes strongly in the EIM mission and vision and understands that the value EIM provides to its members is critical for utilities today and into the future. He looks forward to sharing his perspective on how EIM initiatives and policies could impact members. His extensive collaborative background in areas such as wildfire mitigation, enterprise risk management, public utility districts, AI, cyber security and hydropower is a welcome addition to the IAC.

WELCOME



WELCOME ANTHONY DECOSTA AND 2025 DISTRIBUTION

WELCOME ANTHONY DECOSTA TO THE EIM TEAM



Anthony Decosta has joined EIM Claims as a Claim Associate.

With 10 years of insurance and reinsurance experience, most recently with Arch Insurance Company where he handled insurance claims, Anthony is very familiar with EIM, having worked on several claims where EIM was an underlying carrier.

Anthony graduated from St Leo University with a bachelor's degree in business management and marketing and has received his AIC and AINS Insurance designations. His prior insurance and reinsurance experience along with his enthusiasm provide a valuable addition to EIM's claims team.

When Anthony is not working he enjoys spending time with his family and watching/playing football (soccer).

Please join us in extending to Anthony a warm EIM welcome.



EIM BOARD APPROVES \$35 MILLION DISTRIBUTION

At the November 2025 EIM Board meeting, EIM leadership recommended and the Board of Directors approved a member distribution of \$25M along with a supplemental distribution of \$10M (\$35M total) for Members of record as of December 31, 2025, payable in March 2026.

Each year, EIM undertakes a thorough assessment of its financial performance and evaluates whether surplus is sufficient to support the membership and ensure long-term stability. Based on this assessment, recommendations are provided to the Board for the optimal distribution of any available surplus to Members.

In 2025, EIM's performance surpassed budget, mainly driven by investment performance. These strong results enabled EIM to offer a supplemental distribution of \$10M in addition to the previously communicated \$25M annual distribution, all while prudently maintaining adequate surplus to ensure ongoing financial stability and strategic flexibility.

Inception to date distributions to Members now will total more than \$683M.



EIM CELEBRATION 40 YEARS



HAPPY NEW YEAR!

2026 will mark EIM's 40th anniversary — and we are “going Ruby”! The 40th anniversary is traditionally the “ruby” anniversary which symbolizes passion, vitality, and enduring relationships. For four decades, EIM has been demonstrating those traits as we have supported our members and the energy industry.

To commemorate this milestone, EIM is incorporating ruby coloring into our logo for this year as a reminder of that passion and the enduring relationships with our members, partners, and team.

Thank you to all of you for being part of this remarkable journey. Cheers to 40 years of achievements and to a future that has a...

ruby shine!



Q3 2025 FINANCIALS

As of and For the Period Ending September 30, 2025



MEMBERS REPORT

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

	9/30/2025	12/31/2024
Assets		
Investments	\$ 2,886,131	\$ 2,422,832
Cash and cash equivalents	80,332	294,036
Reinsurance recoverables on losses	550,228	578,494
Prepaid reinsurance premiums	45,203	38,100
Premiums receivable	12,187	40,981
Other assets	3,773	3,208
Total assets	\$ 3,557,854	\$ 3,377,651
Liabilities and surplus		
Reserves for losses and loss adjustment expenses	\$ 1,650,709	\$ 1,587,680
Unearned premiums	288,544	333,864
Reinsurance premiums payable and funds held	10,867	15,511
Net deferred tax liability	57,357	38,159
Income tax payable	18,757	9,139
Policyholder distributions payable	-	25,000
Accounts payable and accrued expenses	15,996	17,949
Total liabilities	2,042,230	2,027,302
Policyholders' surplus	1,535,624	1,350,349
Total liabilities and policyholders' surplus	\$ 3,577,854	\$ 3,377,651

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

	9/30/2025	9/30/2024
Underwriting revenue		
Net premiums earned	\$ 345,396	\$ 258,072
Other underwriting income	-	4
Total underwriting revenue	345,396	258,076
Underwriting expenses		
Net losses and loss adjustment expenses	287,180	270,412
Policy acquisition costs	2,376	2,040
Administrative expenses	14,296	10,809
Total underwriting expenses	303,852	283,261
Income (loss) from underwriting	41,544	(25,185)
Investment income	191,816	180,900
Income before income taxes	233,360	155,715
Policyholder distribution	-	-
Income tax expense	48,085	31,499
Net income	\$ 185,275	\$ 124,216



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

	09/30/2025	12/31/2024
Policyholders' surplus, beginning balance	\$ 1,350,349	\$ 1,234,116
Net income	185,275	116,233
Policyholders' surplus, ending balance	<u>\$ 1,535,624</u>	<u>\$ 1,350,349</u>

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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