

BEYOND

LIMITS

ANNUAL REPORT



WHAT DOES BEYOND LIMITS MEAN TO YOU?

“

Meeting member needs in an ever-changing insurance environment. Understanding the value of the product purchased as a whole and not simply as a matter of cost and limit. Having a clear understanding of the products available while continuing to look for ways to modify that product to current needs or as needed for the membership as a whole. Having confidence in your abilities, not being afraid to expand your skill set but always being mindful of moving forward with progress rather than jeopardizing the base by losing ground and moving backward.

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2022

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► Photo: NGC 6188: Dragons of Ara • Image Credit & Copyright: Shaun Robertson

The emission nebula NGC 6188, home to the glowing clouds, is found about 4,000 light years away near the edge of a large molecular cloud unseen at visible wavelengths, in the southern constellation Ara (the Altar). Massive, young stars of the embedded Ara OB1 association were formed in that region only a few million years ago, sculpting the dark shapes and powering the nebular glow with stellar winds and intense ultraviolet radiation. The recent star formation itself was likely triggered by winds and supernova explosions, from previous generations of massive stars, that swept up and compressed the molecular gas.



Marcus V. Brown
EIM Board Chair

This is no small task, and it will require us to think beyond the existing boundaries that define our respective organizations and embrace new and different ways to do business.

► **Photo: NGC 206 and the Star Clouds of Andromeda • Image Credit & Copyright: Howard Trottier**

The large stellar association cataloged as NGC 206 is nestled within the neighboring Andromeda galaxy along with the galaxy's pinkish star-forming regions. Also known as M31, the spiral galaxy is a mere 2.5 million light-years away. The bright, blue stars of NGC 206 indicate its youth. In fact, its youngest massive stars are less than 10 million years old. Much larger than the open or galactic clusters of young stars in the disk of the Milky Way galaxy, NGC 206 spans about 4,000 light-years.

LETTER FROM THE CHAIR

Energy Insurance Mutual (EIM) enjoyed a solid year in 2022 marked by positive underwriting results and continued expense control, offset by a mercurial investment market where, for the first time since 1969, both stocks and bonds were down. Nevertheless, the company closed the year with surplus exceeding \$1.1 billion and remains financially stable, operationally sound, and strategically on course.

What was readily apparent over the past year is that success for EIM is determined not just by the premium it charges members or the limits provided for each line of business written. There are innumerable additional considerations, some residing in plain sight while others are more nuanced and less obvious, that define EIM's success. The annual Risk Managers Information Meeting, held in February 2023, adopted the theme, "Beyond Limits," and could not have been more appropriately titled.

In reviewing EIM's 2022 performance during the meeting, EIM staff repeatedly highlighted EIM's commitment to extending the organization beyond the four corners of its excess insurance policies as it explores new and innovative solutions to better manage member company risk, seeks to provide more responsive services and support, and capitalizes on the collective experience and expertise that lies within the mutual community. It is the cumulative impact of these dynamics that will enable the company and its members to successfully journey "beyond limits."

Our 2022 Annual Report highlights extraordinary deep space photography made possible by technology advances in satellite imagery, scientists' unwavering drive to broaden our knowledge of celestial space, and an unquenchable thirst to expand our understanding of the universe in which we live. In many ways, this exploration of events occurring many light years away offers similar challenges to those facing our industry as we explore ways to redefine how we do business.

Whether it is a reduced carbon footprint rooted in renewable energy, greater reliance on artificial intelligence to cultivate energy efficiency, or enhanced cyber and physical security to protect energy infrastructure, to name just a few, we are being called up to rethink the traditional models of energy generation, transmission, and distribution and break through to new, more streamlined, and effective ways to power the globe.

This process will be undertaken against the backdrop of an extraordinary increase in demand for energy as we recover from the pandemic, face a global energy crisis occasioned by the Russian invasion of Ukraine, and balance the capital demands of maintaining our existing energy infrastructure while accessing additional capital needed to design, build, and implement the energy infrastructure of tomorrow. All this must occur while wrestling with an economic environment marked by inflation, rising interest rates, and supply chain challenges.

This is no small task, and it will require us to think beyond the existing boundaries that define our respective organizations and embrace new and different ways to do business.

How will we achieve this change? First, by focusing on the key strategic components that drive EIM's focus and direction. Second, by capitalizing on a shared energy industry vision that includes customer focus, continuous improvement, innovation, integrity, and embracing diversity, equity and inclusion. And finally, by regularly and transparently communicating with one another.

If communication represents the cornerstone of EIM's ability to travel beyond limits, there are four longstanding constituencies that provide the foundation for meaningful interaction. First, we communicate top down from the Board to EIM senior management on long term strategic goals and objectives. Second, we manage bottom up through our Insurance Advisory Committee and its regular dialogue with EIM staff on day-to-day operations. Third, we count on EIM's dedicated and professional staff to effectively execute on the goals and strategies articulated by the Board and IAC. And last, but not least, we depend on our members for their ongoing input and continuing support.

The Board has worked tirelessly to ensure that EIM's strategic direction remains on course and that the company continues to offer a financially secure, meaningful, and responsive risk management platform for members. The impressive track record built over the last 35+ years is a testament to the Board's effectiveness and the talented professionals who give of their time for the collective benefit of EIM's member companies.

We added two new Board members in 2022, welcoming Dan Tucker, executive vice president and chief financial officer at Southern Company and Brian Bird, president and chief executive officer of NorthWestern Energy. We are pleased and excited to have these two talented and experienced individuals added to EIM's governance team.

We extend our heartfelt thanks to retiring board members, Mary Kipp, president and chief executive officer, Puget Sound Energy, and Marian Durkin, senior vice president, general counsel and chief compliance officer (retired), Avista Corporation, for their service. A special thanks to Marian whose Board tenure ran from 2009 through 2022, serving as Board chair from 2016-2018.

On behalf of the Board, I thank the membership for its support over the decades as we have worked together to identify and address risk management hurdles presented by the ever-changing landscape within the energy industry and positioned EIM to introduce groundbreaking innovations and responsive solutions. EIM is nothing without its member companies. You are the engine that drives this organization. With your continued support, I am confident that we can harness this power and employ it to break through existing boundaries, expand our imaginations, and advance current paradigms to reach new and greater horizons.

Marcus V. Brown



Tommy Bolton
President and Chief Executive Officer

“ *Seeking new and innovative solutions for members is a continuous journey requiring communication, collaboration, and a willingness to explore the unknown.* ”

LETTER FROM THE PRESIDENT AND CEO

It is often said that being challenged in life is inevitable, but being defeated is optional. 2022 proved this aphorism true for Energy Insurance Mutual (EIM) in both respects. Challenges presented themselves on numerous fronts, including but not limited to investment market conditions, the continuing need for increased capacity amongst member companies, and surging loss frequency. Proving that defeat is in fact optional, EIM was equal to the challenges of 2022, closing the year in a sound financial position while providing meaningful excess of loss insurance coverage in key lines of business and paying gross losses of more than \$250 million.

OPERATIONAL HIGHLIGHTS

Despite an investment loss of -8.1% (compared to 7.7% in 2021) which drove an 8% decrease in policyholders’ surplus of \$100 million, EIM still managed to close the year with \$1.15 billion in surplus and delivered an eleventh-consecutive annual distribution of \$25 million, bringing inception to date distributions to \$443 million. Equally gratifying was EIM’s net loss ratio of 78%, bettering 2021’s net loss ratio of 98%. This outcome, reflecting the positive risk management efforts undertaken by member companies, when coupled with EIM’s net expense ratio of 5.5% (down from 6.4% in 2021) produced a solid net combined ratio of 84%.

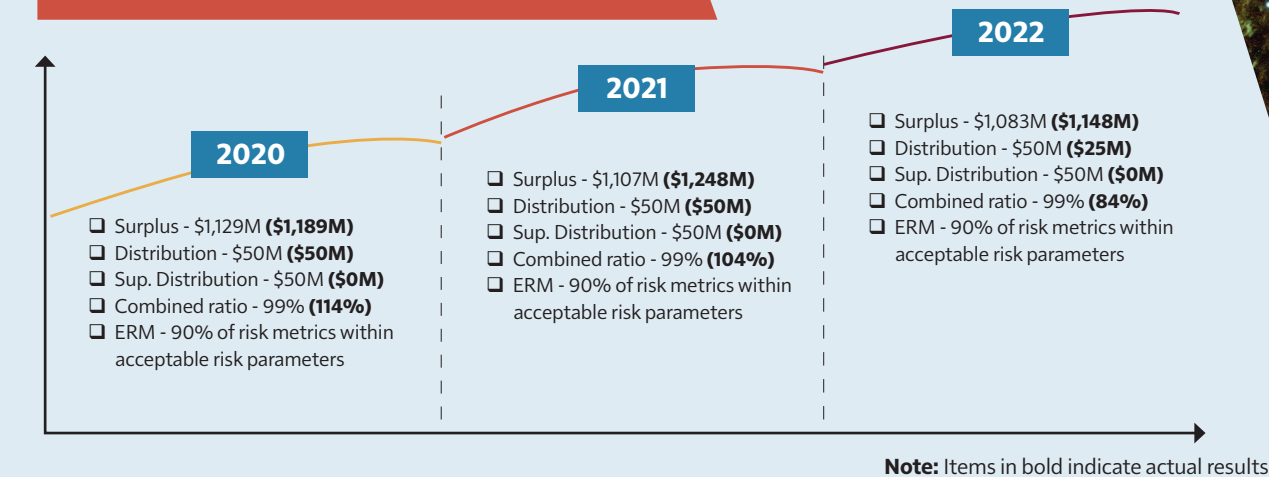
In addition to meeting challenges on the financial front, EIM provided excess General Liability limits above \$100 million to more than 20 members, continued to deliver innovative risk management solutions through EIM’s subsidiary, Energy Insurance Services, Ltd., and executed on its plan to build and expand existing internal resources, particularly underwriting, actuarial, claims, and information technology expertise.

Examined over the last three years, EIM’s operational performance has been solid in terms of total policyholder surplus, annual distribution, and net combined ratio, as the following graphic highlights. In addition, EIM’s risk capacity (the ability to withstand a 1/200-year event and still maintain an A rating from A.M. Best) which is targeted at 100% has averaged 101% over the last three years. At 101%, there is no doubt members’ surplus is being efficiently managed. Further, EIM has regularly maintained more than 90% of its 23 enterprise risk management metrics (which encompass operational, underwriting, financial, claim, and information technology measures) within acceptable risk parameters.

STRATEGIC DIRECTION

2022 marked the final year of EIM’s current three-year strategic plan. Much progress was made over the last 36 months, even in the face of challenges brought on by a pervasive pandemic, first land evasion in Europe since World War II, continued inflation, and the worst bond market in 100 years. All of these events significantly disrupted

2020-2022 STRATEGIC PLAN METRICS



not only EIM’s business operations, but those of virtually every member, business partner and service provider that EIM does business with. In fact, many fundamental changes prompted by these events were incorporated into EIM’s day-to-day business operations, making the organization more efficient, effective, and responsive.

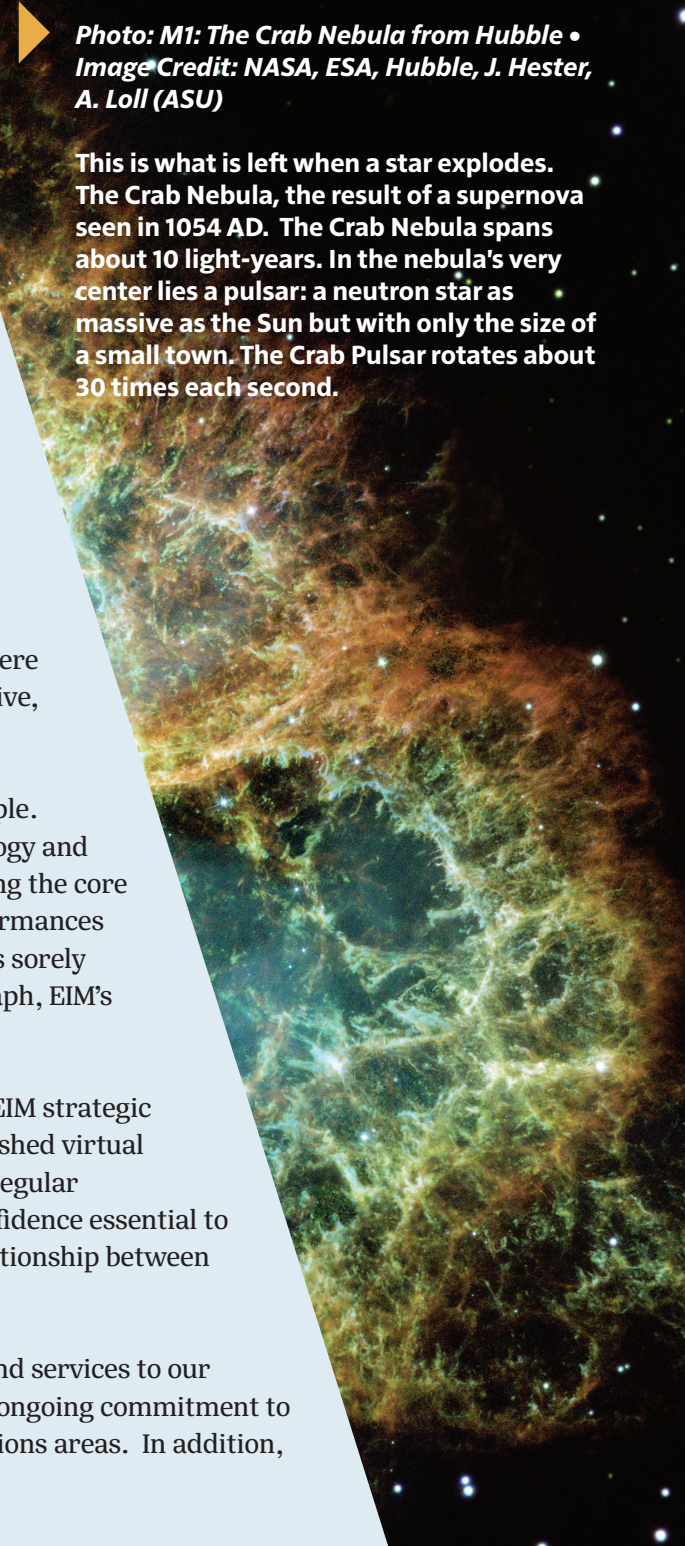
Our strategic plan focuses on Engaging Progress, Protecting the Core, Fostering Relationships, and People. EIM has engaged progress by embracing new technologies, particularly regarding information technology and actuarial analytics. Recognizing that financial stability is the bedrock of EIM’s commitment to protecting the core for members, we were able to weather the worst bond market and the sixth worst equity market performances since 1923 and still maintain sufficient capital to timely pay covered losses, underwrite additional limits sorely needed by members, and prudently reserve for anticipated future claims. As noted in the following graph, EIM’s policyholders’ surplus has grown by 39% over the last ten years.

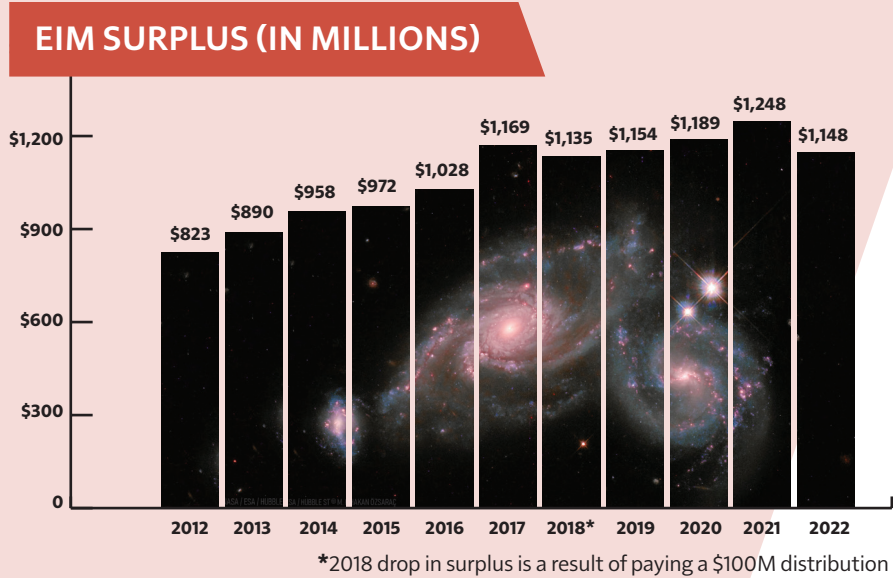
Fostering relationships – none more important than member companies – continued as a paramount EIM strategic imperative, particularly as COVID-19 disrupted normal business activities. Augmenting already established virtual meeting capabilities, ensuring healthy and productive remote working environments, and amplifying regular communication with members and business partners, all contributed to maintaining the trust and confidence essential to the mutual concept. EIM’s 99% retention ratio over the last six years evidences the strong ongoing relationship between the company and its members.

EIM understands that strong, enduring business relationships depend on delivering quality products and services to our members. We routinely invest in the development of our staff through in-house training exercises, an ongoing commitment to external continuing education programs, and establishing and updating succession plans for all operations areas. In addition,

Photo: M1: The Crab Nebula from Hubble • Image Credit: NASA, ESA, Hubble, J. Hester, A. Loll (ASU)

This is what is left when a star explodes. The Crab Nebula, the result of a supernova seen in 1054 AD. The Crab Nebula spans about 10 light-years. In the nebula’s very center lies a pulsar: a neutron star as massive as the Sun but with only the size of a small town. The Crab Pulsar rotates about 30 times each second.





we have augmented underwriting, claims, information technology, and actuarial resources to better serve the membership.

Given the impact of the investment market and increasing claims exposure brought on by non-economic inflation, we extended our current three-year strategic plan for twelve months through 2023, adjusting for anticipated changes in the investment market, member company excess insurance needs, claim activity, and overall economic climate. We expect the updated three-year plan to focus on many of the same goals and objectives articulated over the last 36 months while adapting where appropriate to changing macroeconomic and insurance industry conditions. The plan is designed to regularly assess progress, effectiveness, and relevancy as it unfolds and will include a market assessment, identification of strengths, opportunities, weaknesses, and threats, along with clearly defined benchmarks from which to assess success or failure in meeting both short and long-term objectives. As always, our focus will be on delivering value to our members.

LESSONS LEARNED

If we have learned anything as a company in the past few years, it is to expect the unexpected. COVID-19, global unrest, volatile fixed income and equity markets, inflation, supply chain issues, and extreme weather events are just a handful of circumstances that have created a more

complex environment in which to do business. This complexity, in turn, has generated a wider array of potential outcomes that makes predicting future events more arduous and certainty more imprecise. So, what do we do? We plan for the unplanned, we think about the unthinkable, and we expect the unexpected.

By doing so, we don't necessarily avoid the challenges. Our 2022 investment portfolio performance is a case in point. However, what we can do is position EIM to effectively manage such challenges, as we did with the 2022 investment market, in a way that minimizes the impact on members and positions EIM to continue to offer the excess insurance coverages and level of service that have been the hallmarks of the organization for more than three decades.

We have also learned that there is opportunity in meeting challenges. Whether it is building an infrastructure to better accommodate virtual meetings, working remotely, or developing tailored risk management solutions designed to meet company-specific needs, we have learned that such exercises educate, clarify and often deliver better, more efficient ways to work collaboratively and offer meaningful solutions that can benefit the entire membership. We have capitalized on the challenges of the recent past to create a more efficient and resilient company.

Nothing demands more consistent and transparent communication than change. As EIM has adapted to the changing work environment, risk management landscape, and shifting economic conditions, we have focused on meaningful and regular communication with members, business partners, and staff. Working closely with the Board, Insurance Advisory Committee, and member company risk managers and senior executives, we have focused on ensuring that the company keeps our constituents apprised of new developments, as well as changes in existing processes and procedures. Given the demand to be nimble in an everchanging world, timely and clear communication is as essential as it has ever been.

BEYOND LIMITS

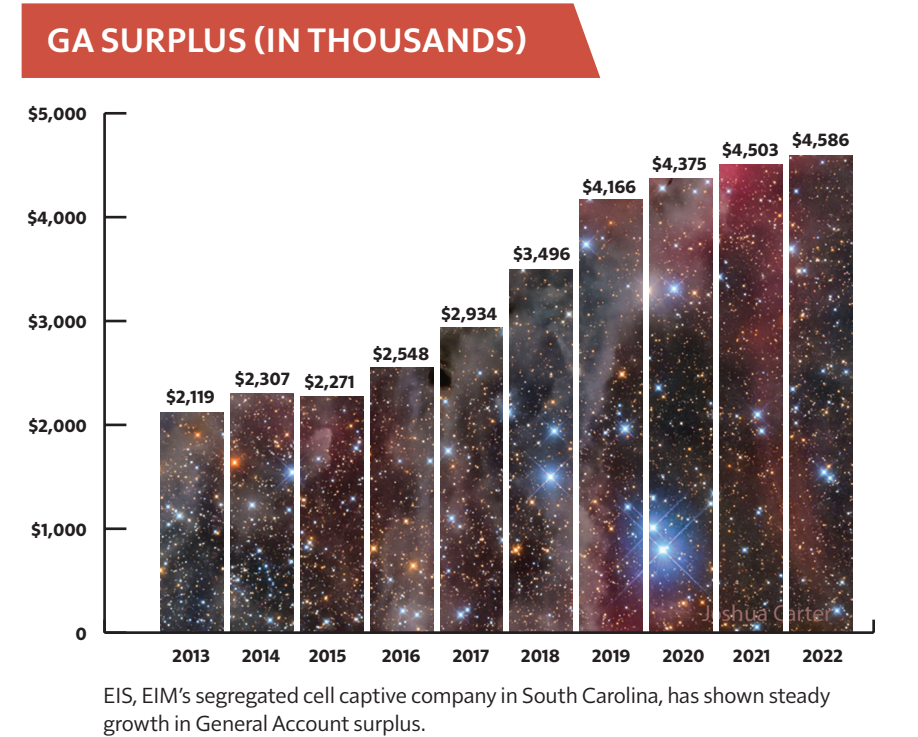
As part of EIM's follow up to the 2023 Risk Managers Information Meeting, attendees were asked what the conference theme, "Beyond Limits," meant to them. This annual report includes representative responses to this inquiry, which capture the essence of what "beyond

limits" means to member companies. Phrases like "support beyond the four corners of the policy," "going above and beyond," and "not being limited by the way things have been done in the past" capture the essence of what "beyond limits" means and outlines expectations for the mutual relationship. In many ways these comments reflect the focus on "Member Experience" highlighted in EIM's strategic plan, where engaging progress, protecting financial strength, sustaining relationships, and developing people represent the collective linchpins of EIM's mission and vision.

An exceptional member experience requires traveling beyond limits to identify and implement innovative of products and services and requires a dedicated staff that listens to stakeholders as their risk management needs evolve. EIM's governance structure, rooted in oversight by members via the Board and Insurance Advisory Committee, provides a foundation for regular feedback on excess insurance needs as well as the quality of service provided by EIM. EIM was pleased to welcome Lisa Hough, Manager-Risk Management, Omaha Public Power District and Kath McElwaine, Corporate Insurance Manager, Finance, PJM Interconnection, LLC, to the IAC this year. We also congratulate Stephanie Crochet, Director of Risk & Insurance, Plains All American Pipeline, L.P. in her new role as IAC chair, along with recently elected vice-chair, Ron Rispoli, Director Risk Management & Risk Engineering, Entergy Services. Many thanks as well to Mike McFarland, Director Enterprise Risk Management, Great River Energy, the IAC's outgoing chair, for his leadership as he continues to serve as an IAC member.

A shining example of continuously seeking to travel beyond limits is Energy Insurance Services, Ltd. (EIS), EIM's wholly owned captive insurance subsidiary celebrating its 30th anniversary. Upon its formation in 1992, EIS began providing member companies with captive insurance alternatives that enable them to management risk programs with great efficiency, flexibility, and profitability via the captive insurance process. Beginning with a multi-participant employee benefit cell, EIS has addressed insurance needs across a varied cross-section of risks, providing dozens of tailored risk management solutions for tens of EIM members. Recognized as Captive of the Year by South Carolina's Captive Insurance Company Association, EIS and its sister company, Energy Captive Management LLC, now administer over \$300 million in annual written premium for EIM members seeking to self-manage portions

of the risk portfolios. With general account surplus of more than \$4.5 million, the organization represents the essence of looking "beyond limits" to craft meaningful and responsive risk management solutions for EIM members.



Seeking new and innovative solutions for members is a continuous journey requiring communication, collaboration, and a willingness to explore the unknown. EIM's travels began more than 30 years ago and are ongoing. The company has encountered and met many challenges along the way and will no doubt encounter even more in the years to come. With the continued support of our members, we stand ready and able to meet these challenges. At EIM, the inevitable challenges do not offer defeat as an option but instead represent opportunities to continue fulfilling our mission of providing stability in an evolving world.

Tommy Bolton

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“Not limited to the reactions of the commercial markets.”

“EIM providing a service that is more than just limits of insurance. It also is customer service and a focus on customer solutions.”

“Relationship and collaboration for solutions.”

“Providing support to members that go beyond the four corners of the policy, such as additional capacity, creative solutions in a challenging market, transparency, and long-term partnership.”

“Going above and beyond to assist the membership.”

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Photo: Rigel Wide • Image Credit & Copyright: Rheinhold Wittich

Brilliant, blue, supergiant star Rigel marks the foot of the constellation, Orion the Hunter. Rigel's blue color indicates that it is much hotter than its rival supergiant in Orion the yellowish Betelgeuse (Alpha Orionis), though both stars are massive enough to eventually end their days as core collapse supernovae. Some 860 light-years away, Rigel is hotter than the Sun too and extends to about 74 times the solar radius. That's about the size of the orbit of Mercury.

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“EIM will go beyond the usual ‘insurance limits’ discussion and discuss whatever is needed from the customers. EIM will do as much as they can to help with the customer’s needs.”

“Willingness to go beyond what the current market dictates.”

“The Mutual means more to me than just the limit of insurance I receive.”

“It means we need not be restricted by the way things have been done. We should be comfortable exploring new ways to do things with the same old commitment and passion.”

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FINANCIALS AND NOTES TO THE FINANCIALS

The Financial Statements To This Annual Report Have Been Approved
By The Board Of Directors Of Energy Insurance Mutual Limited



Marcus Brown | EIM Board Chair
March 1, 2022

Report of Independent Auditors

To the Audit Committee of the Board of Directors
Energy Insurance Mutual Limited

Opinion

We have audited the financial statements of Energy Insurance Mutual Limited (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in policyholders' surplus, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the disclosures about short-duration insurance contracts, including incurred and cumulative paid losses and allocated loss adjustment expenses, net of reinsurance and average annual percentage payout of incurred claims by age, on pages 20 - 22 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational,

economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Jacksonville, Florida
February 22, 2023

Energy Insurance Mutual Limited
Balance Sheets

(Expressed in Thousands of U.S. Dollars)

	As of December 31,			As of December 31,	
	2022	2021		2022	2021
<u>Assets</u>			<u>Liabilities and policyholders' surplus</u>		
Fixed maturity securities, trading	\$ 969,254	\$ 1,110,017	Liabilities:		
Equity securities	523,745	602,312	Reserve for losses and loss adjustment expenses	\$ 1,178,465	\$ 1,127,868
Alternative investments	401,651	301,069	Unearned and advance premiums	194,382	169,258
Investment in subsidiaries	5,703	5,314	Reinsurance premiums payable and funds held for reinsurers	2,365	1,693
Total investments	1,900,353	2,018,712	Net deferred tax liability	24,717	70,067
			Policyholder distributions payable	25,000	50,000
Cash and cash equivalents	125,258	67,599	Accounts payable and accrued expenses	21,562	19,800
Reinsurance recoverables on unpaid losses	477,873	523,304	Total liabilities	1,446,491	1,438,686
Reinsurance recoverables on paid losses	26,852	5,972			
Prepaid reinsurance premiums	28,232	37,230	Policyholders' surplus	1,148,073	1,248,012
Accrued investment income	6,398	6,338	Total liabilities and policyholders' surplus	\$ 2,594,564	\$ 2,686,698
Receivables for securities sold	4,570	1,766			
Premiums receivable	16,846	14,206			
Deferred policy acquisition costs	1,026	1,010			
Income taxes recoverable	4,568	9,111			
Due from subsidiaries	277	332			
Other assets	2,311	1,118			
Total assets	\$ 2,594,564	\$ 2,686,698			

See accompanying notes to the financial statements.

Energy Insurance Mutual Limited
Statements of Operations

(Expressed in Thousands of U.S. Dollars)

	Years ended December 31,			Years ended December 31,	
	2022	2021		2022	2021
<u>Underwriting revenue</u>			<u>Investment (loss) income</u>		
Net premiums earned			Net realized (loss) gain on investments	(214,553)	62,663
Direct and assumed premiums earned	\$ 367,482	\$ 331,829	Net investment income	61,827	68,887
Ceded premiums earned	(81,143)	(105,071)	Total investment (loss) income	(152,726)	131,550
Net premiums earned	286,339	226,758			
Ceding commission income	199	3,450	(Loss) income before policyholders' distribution and income taxes	(106,364)	120,658
Total underwriting revenue	286,538	230,208	Distributions to policyholders	(25,000)	(50,000)
			Income tax benefit (provision)	31,425	(11,365)
<u>Underwriting expenses</u>			Net (loss) income	\$ (99,939)	\$ 59,293
Net losses and loss adjustment expenses					
Direct and assumed losses and loss adjustment expenses	313,975	362,278			
Ceded losses and loss adjustment expenses	(89,451)	(139,132)			
Net losses and loss adjustment expenses	224,524	223,146			
Policy acquisition costs	2,403	3,235			
Administrative expenses	13,249	14,719			
Total underwriting expenses	240,176	241,100			
Income (loss) from underwriting	46,362	(10,892)			

See accompanying notes to the financial statements.

Energy Insurance Mutual Limited

Statements of Changes in Policyholders’ Surplus

(Expressed in Thousands of U.S. Dollars)

	Policyholders' Surplus
Balance at January 1, 2021	\$ 1,188,719
Net income	59,293
Balance at December 31, 2021	1,248,012
Net loss	(99,939)
Balance at December 31, 2022	<u>\$ 1,148,073</u>

See accompanying notes to the financial statements.

Energy Insurance Mutual Limited

Statements of Cash Flows

(Expressed in Thousands of U.S. Dollars)

	Years ended December 31,	
	2022	2021
Net (loss) income	\$ (99,939)	\$ 59,293
Cash flows from operating activities:		
Add (deduct) items not affecting cash:		
Depreciation	147	181
Amortization of bond premium or discount	(2,105)	1,989
Net realized investment (loss) gain	13,285	(3,987)
Net change in fair value on securities held	201,268	(58,676)
Deferred income taxes	(45,350)	11,252
Changes in operating assets and liabilities:		
Reinsurance recoverables on unpaid and paid losses	24,550	(67,346)
Prepaid reinsurance premiums	8,998	16,524
Premiums receivable	(2,640)	5,903
Other	3,134	18,690
Reserve for losses and loss adjustment expenses	50,597	222,783
Unearned and advance premiums	25,124	(11,883)
Reinsurance premiums payable and funds held for reinsurers	672	(16,392)
Accounts payable and accrued expenses	957	4,468
Due from subsidiaries	56	(34)
Policyholder distribution payable	(25,000)	-
Net cash from operations	<u>153,754</u>	<u>182,765</u>

See accompanying notes to the financial statements.

	Years ended December 31,	
	2022	2021
Cash flows from investing activities:		
Cost of investments purchased	(660,389)	(613,822)
Proceeds from sales of investments	410,116	318,156
Proceeds from maturities of investments	166,687	149,015
Change in amount due from purchase/sale of securities	(10,116)	(854)
Income from alternative investments	(2,000)	(26,090)
Equity in earnings of subsidiaries	(389)	(144)
Purchases of fixed assets	(4)	(71)
Net cash from investing	<u>(96,095)</u>	<u>(173,810)</u>
Net change in cash and cash equivalents	57,659	8,955
Cash and cash equivalents, beginning of year	67,599	58,644
Cash and cash equivalents, end of year	<u>\$ 125,258</u>	<u>\$ 67,599</u>
Supplemental disclosure of cash flow information:		
Income taxes paid, net	<u>\$ 19,750</u>	<u>\$ 8,700</u>

Energy Insurance Mutual Limited
Notes to Financial Statements

Years ended December 31, 2022 and 2021

Note A - Organization and Significant Accounting Policies

Organization
Energy Insurance Mutual Limited (the Company or EIM) is a mutual insurance company incorporated in Barbados on June 13, 1986. On June 9, 1988, EIM was licensed by the State of Florida as an industrial insured captive insurance company. EIM operates as an eligible surplus lines insurer in all other states and the District of Columbia.

The Company is a mutual insurance company with membership available to any utility or member of the energy services industry that meets EIM's underwriting standards. The Company provides excess general liability, excess fiduciary liability, and excess directors and officers liability policies written on a claims first made basis. In addition, to a lesser extent, the Company writes property insurance for its members. All members have casualty policies in place, approximately one-third of those members have property policies as well. The Company also provides cyber liability coverage to its members.

Basis of Reporting
The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) promulgated by the Financial Accounting Standards Board Accounting Standards Codification (ASC or the guidance). Preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment in Subsidiaries
The Company is the sponsor and 100% common stockholder of Energy Insurance Services, Inc. (EIS), a sponsored cell captive insurance company domiciled in South Carolina. As a sponsored captive, EIS allows EIM

members, known as Mutual Business Programs (MBPs), to insure or reinsure the risks of their sponsoring organizations, including property, general and environmental liability, asbestos, workers' compensation, and retiree medical stop loss. Through participation agreements with the MBPs, the insurance risks underwritten by the MBPs are contractually limited to the funds available in the individual cell's account, and neither EIS nor EIM has any obligation to absorb losses of the MBPs. Likewise, EIS has no right to the capital and accumulated profits of the MBPs cells. EIM does not have the power to direct the activities of the MBPs that most significantly impact their economic performance.

As of December 31, 2022, EIS has assets (exclusive of assets held in MBPs) of \$5.6 million, shareholder's equity of \$4.6 million, and net income of \$94,000. As of December 31, 2021, EIS had assets (exclusive of assets held in MBPs) of \$11.1 million, shareholder's equity of \$4.5 million and net income of \$129,000.

The Company considers EIS a variable interest entity, which is not consolidated due to the lack of obligations, rights, and powers described above. EIM accounts for its investment in EIS using the equity method of accounting.

During 2015, EIM formed Energy Captive Management, LLC (ECM) to provide captive management services to EIS. As of December 31, 2022, ECM has assets of \$3.3 million, member's equity of \$828,000, and net income of \$17,000. As of December 31, 2021, ECM had assets of \$2.0 million, member's equity of \$811,000 and net income of \$15,000.

On December 20, 2021, EIM formed Energy Risk Solutions SC, Inc (ERS). ERS is a sponsored captive insurance company domiciled in South Carolina. As of December 31, 2022, ERS has assets of \$292,000, member's equity of \$289,000 and net loss of \$11,000.

Fixed Maturity Securities
Investments in fixed maturity securities are classified as trading and reported at fair value, with changes in fair value reported on the income statement. Purchase premium or discount is amortized to net investment income based on the scientific method.

Energy Insurance Mutual Limited
Notes to Financial Statements

(Continued)

Note A - Organization and Significant Accounting Policies (continued)

Equity Securities
Investments in marketable equity securities are carried at fair value. The changes in fair value on equity securities held are reported on the income statement.

Alternative Investments
Alternative investments include interests in shares of investment funds (Funds), which are considered non-marketable. Alternative investments are structured such that the Company holds interest in the Funds and not the underlying holdings of such Funds. The Company's ownership does not provide for control over the related investees, and financial risk is limited to the funded and unfunded commitment for each investment. The Company accounts for the Funds at fair value, with all gains and losses included within net investment income. The use of net asset value as an estimate of the fair value for investments in certain entities that calculate the net asset value is a permitted practical expedient.

These alternative investment funds give investors the right, subject to predetermined redemption procedures, to redeem their investments at net asset value. Since the Funds are not actively traded on an exchange, the fair values are subject to judgment and uncertainty.

The financial statements of the Funds are audited annually by independent auditors, although the timing for reporting the results of such audits may not coincide with the Company's financial reporting.

Cash and Cash Equivalents
The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Company maintains certain cash and cash equivalent balances that are not subject to Federal Deposit Insurance Corporation. Management does not believe these balances represent a significant credit risk to the Company.

Losses and Loss Adjustment Expense Reserves
The reserve for losses and loss adjustment expenses (LAE) represents the estimated ultimate gross cost of all reported and unreported losses unpaid through December 31. Case reserves represent the estimated future payments on reported losses. Case reserves are continually reviewed and updated; however, given the uncertainty regarding the extent of the Company's ultimate liability, the actual amount may be significantly in excess or below the amount recorded. Supplemental reserves (e.g., IBNR) are recorded based upon actuarial projections. Although considerable variability is inherent in these estimates, particularly due to the nature of the insured exposures, management believes that the aggregate reserve for losses and LAE is adequate. These estimates are periodically reviewed and adjusted as experience develops or new information becomes known. Such adjustments are included in current operations.

Premiums
Direct and assumed premiums are recognized as revenue on a pro-rata basis over the policy term. The portion of premiums that will be earned in the future is deferred and reported as unearned premiums. The Company pays commissions on assumed business, which is initially capitalized and expensed over the life of the policy.

Reinsurance
In the normal course of business, the Company seeks to reduce the loss that may arise from large claims, catastrophes, or other events by reinsuring certain levels of risk in various areas of exposure with other insurance companies. Reinsurance premiums, ceding commissions, loss reimbursement, and reinsurance recoverables on unpaid claims are accounted for on a basis consistent with that used in accounting for the original policies or claims.

Management periodically reviews the financial condition of its existing reinsurers and concludes as to whether any allowance for uncollectible reinsurance is required. At December 31, 2022 and 2021, no such allowances were deemed necessary.

Energy Insurance Mutual Limited
Notes to Financial Statements

(Continued)

Note A - Organization and Significant Accounting Policies (continued)

Deferred Policy Acquisition Costs

Commissions and other costs of acquiring insurance that are directly related to the successful acquisition of new and renewal business are deferred and amortized over the life of the policy to which they relate. These costs are deferred, net of any related ceding commissions, to the extent deemed recoverable.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company and its subsidiaries file a consolidated federal income tax return. Income taxes are allocated based on separate return calculations.

Policyholder Distributions

As a mutual insurer, EIM is owned by its policyholders. Policyholder distributions are released from excess surplus, and are charged to income when declared by the Board of Directors. During 2022 and 2021, the Board of Directors approved the declaration of policyholder distributions in the amount of \$25 million and \$50 million, respectively.

Subsequent Events

The Company has evaluated subsequent events for disclosure and recognition through February 22, 2023, the date on which these financial statements were available to be issued.

Reclassifications

Certain balances within the 2021 financial statements have been reclassified to conform with the 2022 presentation. The reclassifications had no effect on previously reported net income or policyholders’ surplus.

Energy Insurance Mutual Limited
Notes to Financial Statements

(Continued)

Note B - Insurance Activity

Premium activity for 2022 and 2021 is summarized as follows (in Thousands of U.S. Dollars):

2022	Direct	Assumed	Ceded	Net
Premiums written	\$ 391,715	\$ 1,214	\$ (72,145)	\$ 320,784
Change in unearned premiums	(25,421)	(26)	(8,998)	(34,445)
Premiums earned	\$ 366,294	\$ 1,188	\$ (81,143)	\$ 286,339
2021	Direct	Assumed	Ceded	Net
Premiums written	\$ 316,742	\$ 2,681	\$ (88,547)	\$ 230,876
Change in unearned premiums	10,952	1,454	(16,524)	(4,118)
Premiums earned	\$ 327,694	\$ 4,135	\$ (105,071)	\$ 226,758

Activity in the liability for losses and LAE is summarized as follows (in Thousands of U.S. Dollars):

	2022	2021
Gross balance, beginning of year	\$ 1,127,868	\$ 905,085
Less: reinsurance recoverables on unpaid losses and LAE	(523,304)	(397,838)
Net balance, beginning of year	604,564	507,247
Incurred related to:		
Current year	237,352	173,107
Prior years	(12,828)	50,039
Total incurred	224,524	223,146
Paid related to:		
Current year	3,745	186
Prior years	124,751	125,643
Total paid	128,496	125,829
Net balance, end of year	700,592	604,564
Plus: reinsurance recoverables on unpaid losses and LAE	477,873	523,304
Gross balance, end of year	\$ 1,178,465	\$ 1,127,868

During 2022, incurred losses and LAE attributable to events of prior years decreased by \$12.8 million. The favorable development of prior year losses related primarily to prior accident years 2013, 2016, 2018, and 2021, which decreased by \$61 million. This was offset primarily by unfavorable development of \$51 million that was related to prior accident years 2019 and 2020.

Energy Insurance Mutual Limited
Notes to Financial Statements

(Continued)

Note B - Insurance Activity (Continued)

During 2021, incurred losses and LAE attributable to events of prior years increased by \$50 million. The unfavorable development of prior year losses related primarily to prior accident years 2013, 2016, 2019 and 2020, which increased by \$76 million. This was offset primarily by favorable development of \$26 million that was related to prior accident years 2017 and 2018.

The reconciliation of the net incurred and paid losses development tables to the liability for losses and LAE on the balance sheet as of December 31, 2022 is as follows (in Thousands of U.S. Dollars):

Table with 2 columns: Description, Amount. Rows: Net liabilities for unpaid losses and allocated LAE (\$ 692,092), Reinsurance recoverables on unpaid losses and allocated LAE (477,873), Unallocated LAE (8,500), Gross liability for unpaid losses and LAE (\$ 1,178,465).

The following is information about incurred and cumulative paid losses and allocated LAE, net of reinsurance, total incurred-but-not-reported (IBNR) reserves plus expected development on reported claims, net of reinsurance and the cumulative number of reported claims as of December 31, 2022 (in Thousands of U.S. Dollars, Except Number of Claims Data):

Table with 5 columns: Accident Year, Incurred, Cumulative Paid, IBNR Plus Expected Development on Reported Claims, Cumulative Number of Reported Claims. Rows: 2013-2022, Total.

Methodology for Determining Losses and LAE Reserves: With the assistance of a consulting actuary, generally accepted actuarial reserving techniques are utilized to project the estimate of ultimate losses and LAE at each reporting date.

Methodology for Determining Cumulative Number of Reported Claims: Cumulative number of reported claims include open and closed claims by accident year at the claimant level.

Energy Insurance Mutual Limited
Notes to Financial Statements

(Continued)

Note B - Insurance Activity (Continued)

The Company uses excess of loss reinsurance to protect against severe losses on the directors and officers, general partner, general liability, and fiduciary liability books of business. After certain deductibles or retentions have been satisfied, the maximum amount that could be recoverable under the 2022 and 2021 reinsurance treaties are \$208,800,000 and \$228,000,000 with respect to general liability and \$104,400,000 and \$82,650,000 with respect to directors and officers, general partner, and fiduciary liability, respectively.

Beginning in 2003, the Company entered into a reinsurance arrangement with Nuclear Electric Insurance Limited (NEIL) whereby NEIL provides excess of loss reinsurance on the directors and officers and general partner book of business. The Company is liable for the first claim that reaches \$20,000,000 in excess of \$30,000,000. For directors and officers claims that occur after, NEIL is liable for 80% of the \$20,000,000 in excess of \$30,000,000. This agreement was not renewed during the year ended December 31, 2022.

During the year ended December 31, 2021, the property book of business was primarily reinsured by NEIL. In addition, the Company also had an arrangement with NEIL whereby its non-nuclear property book of business is fronted by EIM. The Company wrote directly and assumes certain members' cyber liability risk. A portion of this business was ceded to NEIL. During the year ended December 31, 2022, the Company did not renew its agreements with NEIL related to the property book of business, which is now ceded to eight different reinsurers.

On January 1, 2021, the Company entered into a reinsurance agreement to protect against claims relating to wildfires. The agreement is limited to states on the West Coast of the United States excluding California. This agreement was not renewed during the year ended December 31, 2022.

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders. The Company remains liable to its policyholders for the portion reinsured to the extent that the reinsurer does not meet the obligations assumed under the reinsurance agreement. The reinsurance recoverable on paid and unpaid losses is substantially due from NEIL, National Indemnity Company, and various Lloyds of London syndicates, comprising 31%, 17%, and 14%, respectively, of the balance at December 31, 2022. At December 31, 2021, the reinsurance recoverable on paid and unpaid losses due from NEIL, National Indemnity Company, and various Lloyds of London Syndicates comprised of 28%, 18%, and 15%, respectively. The remaining balance is comprised of amounts due from various reinsurers, each not exceeding 10% of the total for 2022 and 2021.

Note C - Investments

Current accounting guidance establishes a three-level hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1), the next priority to quoted prices for identical assets inactive markets or similar assets in active markets (Level 2) and the lowest priority to unobservable inputs (Level 3).

The following table presents the Company's investment securities within the fair value hierarchy, indicating the objectivity and reliability of the inputs used to value those securities at December 31, 2022 (in Thousands of U.S. Dollars):

Table with 5 columns: Description, Total, Level 1, Level 2, Level 3. Rows: Fixed maturity securities, trading; Equity securities; Total.

There were no transfers into or out of the Level 3 during 2022.

Energy Insurance Mutual Limited
Notes to Financial Statements

(Continued)

Note C - Investments (Continued)

The net realized gain on investments for the years ended December 31, 2022 and 2021 is composed of the following (in Thousands of U.S. Dollars):

	2022	2021
Net realized loss on securities sold	\$ (13,285)	\$ (23,279)
Net holding period loss on securities held, fixed maturity securities	(115,087)	(19)
Net holding period (loss) gain on securities held, equity securities	(86,181)	85,961
Net realized (loss) gain on investments	<u>\$ (214,553)</u>	<u>\$ 62,663</u>

The composition of net investment income for the years ended December 31, 2022 and 2021 is composed of the following (in Thousands of U.S. Dollars):

	2022	2021
Interest income	\$ 36,327	\$ 30,578
Dividend income	19,360	14,686
Income from subsidiaries	89	144
Income from alternative investments	11,480	28,539
Other	(84)	(24)
Gross investment income	67,172	73,923
Investment management fees	(5,308)	(5,008)
Interest expense	(37)	(28)
Net Investment Income	<u>\$ 61,827</u>	<u>\$ 68,887</u>

At December 31, 2022 and 2021, EIM holds investments with a total fair value of \$29 million and \$26 million, respectively, in issuers who are also policyholders.

Alternative investments include the following investment categories as of December 31 (in Thousands of U.S. Dollars):

	2022	2021	Redemption Frequency	Redemption Notice Period
Catastrophe reinsurance	\$ 48,692	\$ 27,599	Quarterly	90 days
High-yield bank loan	130,001	117,351	Monthly	30 days
Core real estate	140,936	134,529	Quarterly	45 days
Industrial real estate	19,908	11,586	Quarterly	60 days
Trade finance	62,114	10,004	Quarterly	45 days
Total	<u>\$ 401,651</u>	<u>\$ 301,069</u>		

The catastrophe reinsurance class includes funds with investments primarily in portfolios of traditional reinsurance and other insurance-based investment instruments that have returns tied to property and casualty catastrophe risk. In addition, this class may hold cash, treasury bills, and money market funds. The investors in this class have limited redemption rights that may be suspended from time to time.

The high yield bank loan class includes funds that invest in a diversified portfolio consisting primarily of direct or indirect interests in non-investment grade, floating rate bank loans.

The real estate class includes three funds that invest primarily in industrial, retail, office, and multifamily housing.

The trade finance class consists of short-term loans that support the physical flow of goods while using those same goods within the transaction as primary security.

The fair values of all alternative investment fund classes have been estimated using the net asset value per share. As of December 31, 2022, there were no unfunded commitments related to these investments.

Energy Insurance Mutual Limited
Notes to Financial Statements

(Continued)

Note D - Federal Income Taxes

The components of the benefit (provision) for federal income taxes for the years ended December 31, 2022 and 2021 are as follows (in Thousands of U.S. Dollars):

	2022	2021
Current income tax provision	\$ (13,925)	\$ (113)
Deferred income tax benefit (provision)	45,350	(11,252)
Total income tax benefit (provision)	<u>\$ 31,425</u>	<u>\$ (11,365)</u>

The provision for federal income tax differs from the amount derived by applying the statutory federal tax rates to pretax income for financial reporting purposes due primarily to tax exempt investment income and gains and losses from investments.

Deferred federal income taxes arise from temporary differences between the valuation of assets and liabilities as determined for financial reporting purposes and federal income tax purposes. In 2022 and 2021, the Company measured its deferred tax items at its effective tax rate of 21%.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31 are as follows (in Thousands of U.S. Dollars):

	2022	2021
Deferred tax assets:		
Unpaid losses and LAE	\$ 9,931	\$ 8,633
Unearned premiums	6,978	5,545
Accrued expenses and other	4,635	4,892
Operating/capital loss carryforwards	1,410	1,474
Total deferred tax assets	<u>22,954</u>	<u>20,544</u>
Deferred tax liabilities:		
Fair value adjustments on securities, net	(37,614)	(79,141)
Fair value adjustments on alternatives, net	(8,466)	(10,003)
Bond amortization	(1,298)	(1,164)
Other	(293)	(303)
Total deferred tax liabilities	<u>(47,671)</u>	<u>(90,611)</u>
Net deferred tax liability	<u>\$ (24,717)</u>	<u>\$ (70,067)</u>

Energy Insurance Mutual Limited
Notes to Financial Statements

(Continued)

Note D - Federal Income Taxes (Continued)

The Company is required to establish a valuation allowance for any portion of the deferred tax asset that management believes will not be realized. The Company has historically been a taxpayer, and in the opinion of management, will continue to be in the future. Management believes that it is more likely than not that the Company will realize the benefit of the deferred tax assets; therefore, no valuation allowance has been established.

During 2003, the Company applied for and was granted an exemption from Barbados income tax by the Minister of Finance under the Duties, Taxes, and Other Payment (Exemption) Act. Federal income taxes incurred by the Company are determined in accordance with the provisions of the Internal Revenue Code.

At December 31, 2022 and 2021, the Company determined there are no material unrecognized tax benefits, and no adjustments to liabilities or operations were required.

Note E - Related Party Transactions

During 2022 and 2021, EIM provided reinsurance to certain EIS cells. For the years ended December 31, 2022 and 2021, premiums earned included \$0 and \$262,000 of premium assumed from EIS, respectively. During 2022 and 2021, EIM ceded premiums earned of \$400,000 and \$568,000 to EIS, respectively. One of the policies ceded to EIS incurred a loss recoverable to EIM in the amount of \$5.4 million as of December 31, 2022 and 2021. EIS reimburses ECM for certain expenses incurred related to the administration of EIS, plus a service fee.

Note F - Commitments and Contingencies

The Company is named as defendant in various legal actions arising in the normal course of business from claims made under insurance policies and contracts. These actions are considered by the Company in estimating the loss and LAE reserves. The Company’s management believes that the resolution of these actions will not have a material adverse effect on the Company’s financial position or results of operations.

Note G - Trust Funds and Deposits

The Company has established a trust fund within a federally insured depository. This trust fund serves as security for policyholders and third-party claimants to satisfy requirements for being listed as an alien surplus lines insurer by the National Association of Insurance Commissioners. The Company is required to maintain a minimum amount of the lesser of \$150,000,000 or \$5,400,000 plus 30% of liabilities arising from business on or after January 1, 1998. At December 31, 2022 and 2021, the balance in the trust fund was in excess of \$150,000,000. These funds have been included in the accompanying balance sheets within the fixed maturity securities.

Note H - Line of Credit

The Company has a \$75,000,000 line of credit used solely to fund claim payments that are subject to reinsurance recovery. During 2022 and 2021, there were no draws or payments made under the line of credit.

Note I - Retiree Medical Benefits

The Company provides employees with a Post-retirement Medical, Dental, and Vision Plan (the Plan). The Plan is available to retirees (upon fulfilling eligibility requirements), their spouses, and dependents as a continuation of the healthcare plan available to active employees. Current and/or retired employees hired after December 31, 2011, are required to contribute 50% of the medical plan COBRA rate, upon fulfilling the eligibility requirements under the Plan. Employees hired after June 1, 2017 are not eligible under the Plan. The Plan is unfunded.

Energy Insurance Mutual Limited
Notes to Financial Statements

(Continued)

Note I - Retiree Medical Benefits (Continued)

The assumed discount rate used to determine the benefit obligation is 5.25% for 2022. The assumed healthcare cost trend rate is 6.6% for 2022, trending to 4.0% by 2048. The Company recognized a liability representing the actuarially determined accumulated post-retirement benefit obligation in the amount of \$13,169,000 and \$12,665,000 as of December 31, 2022 and 2021, respectively, which is included as a component of accrued expenses on the balance sheet.

Note J - Margin of Solvency

In order to meet the requirements of the Laws of Barbados, the Company must have contributed reserves of \$22 million. The policyholders’ surplus provided an excess margin of solvency of \$1.1 billion at December 31, 2022.

Energy Insurance Mutual Limited
Required Supplementary Information (Unaudited)

Incurred and Cumulative Paid Losses and Allocated Expenses,
Net of Reinsurance

The following is information about incurred and paid claims development, net of reinsurance, for years ended December 31 *(in Thousands of U.S. Dollars)*.

Accident Year	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 107,503	\$ 80,064	\$ 133,300	\$ 125,652	\$ 118,521	\$ 125,340	\$ 121,508	\$ 119,378	\$ 131,086	\$ 115,702
2014		104,082	74,447	66,923	57,845	54,037	44,411	57,989	56,895	58,045
2015			152,607	172,589	158,105	169,930	182,232	181,740	182,582	182,674
2016				101,671	87,042	69,607	59,243	58,295	86,190	76,911
2017					146,429	112,609	144,520	187,525	173,662	169,134
2018						153,984	232,998	234,396	223,672	202,921
2019							120,841	138,087	165,064	179,114
2020								158,615	172,240	209,615
2021									170,865	155,599
2022										234,965
Total										<u>\$ 1,584,680</u>

Energy Insurance Mutual Limited
Required Supplementary Information (Unaudited)

(Continued)

Accident Year	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2013	\$ 1,527	\$ 3,036	\$ 55,626	\$ 94,806	\$ 100,665	\$ 106,280	\$ 106,890	\$ 107,221	\$ 107,985	\$ 108,058
2014		1,450	1,986	2,398	13,411	13,474	13,483	14,156	13,987	14,011
2015			695	141,523	142,183	142,445	143,574	177,661	178,803	178,808
2016				483	6,555	12,580	45,963	46,042	46,063	71,170
2017					93	2,270	55,505	117,197	137,417	163,962
2018						187	194,978	191,809	197,206	200,817
2019							1	2,434	97,168	120,644
2020								1,151	2,364	44,789
2021									186	1,499
2022										3,745
Total										<u>\$ 907,503</u>

Reconciliation of incurred to liabilities for losses and loss adjustment expenses, net of reinsurance:

Incurred losses and allocated loss adjustment expenses, net of reinsurance	\$ 1,584,680
Less cumulative paid losses and allocated loss adjustment expenses, net of reinsurance	(907,503)
All outstanding liabilities before 2013, net of reinsurance	14,915
Liabilities for losses and loss adjustment expenses, net of reinsurance	<u>\$ 692,092</u>

Average Annual Percentage Payout of Incurred Claims by Age

The following is the average historical claims duration as of December 31, 2022:

Years	Average Annual Percentage Payout of Incurred Claims by Age									
	1	2	3	4	5	6	7	8	9	10
	0.7 %	20.8 %	19.7 %	21.2 %	3.3 %	7.9 %	8.7 %	- %	0.4 %	0.1 %

EIM DIRECTORS

As of December 31, 2022



Marcus V. Brown
Chair



Carter M. Reid,
Vice Chair



G. Thomas Bolton, III



Trevor A. Carmichael



Benjamin G.S. Fowke, III



Kodwo P.
Ghartey-Tagoe



James R. Hatfield



Martin J. Lyons, Jr.



David E. Meador



M. Bridget Reidy



Rudolph L. Wynter

Marcus V. Brown, Executive Vice President and General Counsel
Entergy Corporation, New Orleans, Louisiana

Carter M. Reid, Executive Vice President, Chief of Staff
and Corporate Secretary
Dominion Energy, Inc., Richmond, Virginia
President, Dominion Energy Services

G. Thomas Bolton, III, President and Chief Executive Officer
Energy Insurance Mutual Limited, Tampa, Florida

Trevor A. Carmichael, Barrister at Law
Barbados Counsel, Barbados, West Indies

Benjamin G. S. Fowke, III, Chairman, President,
and Chief Executive Officer (Retired)
Xcel Energy Inc., Minneapolis, Minnesota

Kodwo P. Ghartey-Tagoe, Executive Vice President,
Chief Legal Officer and Corporate Secretary
Duke Energy Corporation, Charlotte, North Carolina

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and Chief Administrative Officer (Retired)
Pinnacle West Capital Corporation, Phoenix, Arizona

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Ameren Missouri, St. Louis, Missouri

David E. Meador, Vice Chairman and Chief Administrative Officer (Retired)
DTE Energy Company, Detroit, Michigan

M. Bridget Reidy, Executive Vice President & Chief Operating Officer
Exelon Business Services Company, Chicago, Illinois

Rudolph L. Wynter, President, National Grid New York
National Grid, plc, Brooklyn, New York

BOARD COMMITTEES

As of December 31, 2022

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Marty Lyons (Vice Chair)
Kodwo Ghartey-Tagoe
Dave Meador
Rudy Wynter

CLAIMS COMMITTEE

Bridget Reidy (Chair)
Carter Reid (Vice Chair)
Marcus Brown
Kodwo Ghartey-Tagoe
Rudy Wynter

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Tommy Bolton
Ben Fowke
Bridget Reidy

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Ronald D. Rispoli (Vice Chair)
Edsel L. Carlson
Mariya Coleman
Arnold Garcia
Lisa Hough
Kathy McElwaine
Michael McFarland
Randy Murdaugh
Gordon Payne
Frank Stanbrough
D. Timothy Underwood

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Rudy Wynter

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Ben Fowke (Chair)
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Marty Lyons
Dave Meador
Bridget Reidy

INSURANCE ADVISORY COMMITTEE



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Chair

Ronald D. Rispoli
Vice Chair

Edsel L. Carlson



Mariya Coleman

Arnold Garcia

Lisa Hough



Kathy McElwaine

Michael G. McFarland

Gordon Payne



Frank Stanbrough

D. Timothy Underwood

Stephanie Crochet, Director, Risk & Insurance
Plains All American Pipeline, L.P., Houston, Texas

Ronald D. Rispoli, Director, Risk & Insurance/Risk Engineering
Entergy Services, Inc., Russellville, Arkansas

Edsel L. Carlson, Risk Manager
TECO Energy, Inc., an Emera company, Tampa, Florida

Mariya Coleman, Director, Corporate Insurance
Berkshire Hathaway Energy, Des Moines, Iowa

Arnold Garcia, Manager, Insurance
Duke Energy Corporation, Charlotte, North Carolina

Lisa Hough, Manager – Risk Management
Omaha Public Power District, Omaha, Nebraska

Kathy McElwaine, Corporate Insurance Manager, Finance
PJM Interconnection, LLC, Audubon, PA

Michael G. McFarland, Director, Enterprise Risk Management
Great River Energy, Maple Grove, Minnesota

Gordon Payne, Director of Risk Management
Fortis, Inc., St. John’s, Canada

Frank Stanbrough, Vice President/Risk Management and Compliance Officer
Southwest Gas Holdings, Inc., Las Vegas, Nevada

D. Timothy Underwood, Director, Insurance Risk Management
CMS Energy, Jackson, Michigan

EIM, EIS AND ECM OFFICERS

As of December 31, 2022

EIM OFFICERS

Marcus V. Brown
(Chair)
Executive Vice President
and General Counsel
Entergy Corporation

Carter M. Reid
(Vica Chair)
Executive Vice President,
Chief of Staff and Corporate
Secretary and President,
Dominion Energy Services
Dominion Energy, Inc.

G. Thomas Bolton, III
President
Chief Executive Officer

Jeffrey M. Tkacz
Vice President
Chief Financial Officer

Jill C. Dominguez
Vice President
Chief Underwriting Officer

Ann M. Joslin
Vice President
Claims

Kevin R. Wolff
Vice President
General Counsel and Secretary

Trevor A. Carmichael
Assistant Secretary
Barrister at Law,
Barbados Counsel
Chancery Chambers

EIS OFFICERS

Marcus V. Brown
(Chair)

Carter M. Reid
(Vice Chair)

G. Thomas Bolton, III
President
Chief Executive Officer

Jeffrey M. Tkacz
Vice President
Chief Financial Officer

Megan Ogden
Vice President
Chief Operating Officer

Kevin R. Wolff
Vice President
General Counsel and Secretary

ECM OFFICERS

Marcus V. Brown
(Chair)

Carter M. Reid
(Vice Chair)

G. Thomas Bolton, III
President
Chief Executive Officer

Megan Ogden
Vice President
Chief Operating Officer

Tobias P. Burke
Vice President
Chief Accounting Officer

Jeffrey M. Tkacz
Vice President
Chief Financial Officer

Kevin R. Wolff
Vice President
General Counsel and Secretary



Marcus V. Brown

Carter M. Reid

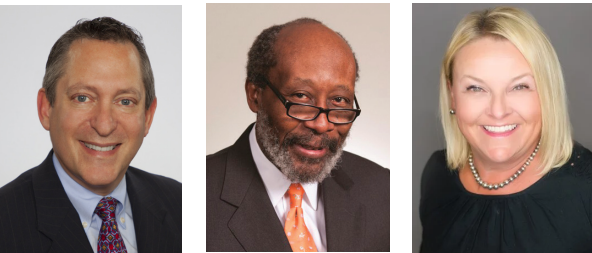
G. Thomas Bolton, III



Jeffrey M. Tkacz

Jill C. Dominguez

Ann M. Joslin



Kevin R. Wolff

Trevor A. Carmichael

Megan Ogden



Tobias P. Burke

EIM MEMBERS

As of December 31, 2022

AES Corporation (The)
Algonquin Power & Utilities Corp.
ALLETE, Inc.
Alliant Energy Corporation
AltaLink, L.P.
Ameren Corporation
American Electric Power Service Corporation
American Water Works Company, Inc.
Apache Corporation
Associated Electric Cooperative, Inc.
Atmos Energy Corporation
Avangrid, Inc.
Avista Corporation
Basin Electric Power Cooperative
Berkshire Hathaway Energy Company
Black Hills Corporation
British Columbia Hydro and Power Authority
Buckeye Partners, LP
Buckeye Power, Inc.
California Independent System Operator Corporation
Calpine Corp.
CenterPoint Energy, Inc.
Central Arizona Water Conservation District
Chesapeake Energy Corporation
Chesapeake Utilities Corporation
Chugach Electric Association, Inc.
Citizens Energy Group
City of Richmond, Department of Public Utilities
City Public Service of San Antonio, Texas
City Utilities of Springfield, Missouri
Clearway Energy, Inc.
Cleco Corporate Holdings LLC
CMS Energy Corporation
Colonial Enterprises, Inc.
Colorado Springs Utilities
Consolidated Edison Company of New York, Inc.
Constellation Energy
Cooperative Energy
Crestwood Equity Partners, LP
Dairyland Power Cooperative
Deseret Generation & Transmission Cooperative
Devon Energy Corporation

District of Columbia Water and Sewer Authority
Dominion Energy, Inc.
Doyon Utilities, LLC
DQE Holdings LLC
DT Midstream, Inc.
DTE Energy Company
Duke Energy Corporation
East Kentucky Power Cooperative, Inc.
Edison International
El Paso Electric Company
Electric Reliability Council of Texas, Inc.
Emera Incorporated
Enbridge Inc.
Energir, Inc.
Energy Harbor Corp.
Energy Transfer LP
ENMAX US Holdco, Inc.
Entergy Services, LLC
EOG Resources, Inc.
EQT Corporation
Equitrans Midstream Corporation
Essential Utilities Inc.
Evergy, Inc.
Eversource Energy
Exelon Corporation
FirstEnergy Corp.
FortisUS Inc.
GenOn Holdings, LLC
Grand River Dam Authority
Great River Energy
Hawaiian Electric Industries, Inc.
Hydro One Limited
Hydro-Quebec
IDACORP, Inc.
Imperial Irrigation District
Inter Pipeline LTD
Intermountain Power Agency/
Intermountain Power Service
Iroquois Gas Transmission System, LP
ISO New England Inc.
JEA and FPL d/b/a St. Johns River Power Park
Kinder Morgan, Inc.
Long Island Power Authority
Longview Power, LLC
Los Angeles Dept. of Water and Power
Magellan Midstream Partners, LP

Malburg Generating Facility
MDU Resources Group, Inc.
Metropolitan Water District of Southern California
MGE Energy, Inc.
Midcontinent Independent System Operator, Inc.
Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services
Modesto Irrigation District
National Fuel Gas Company
National Grid plc
National Grid USA
New Jersey Resources Corporation
New York Independent System Operator, Inc.
New York Power Authority
NextEra Energy, Inc.
NiSource Inc.
Northern California Power Agency
Northwest Natural Gas Company
NorthWestern Corporation
NRG Energy, Inc.
OGE Energy Corp.
Oglethorpe Power Corporation
Ohio Valley Electric Corporation
Old Dominion Electric Cooperative
Omaha Public Power District
Oncor Electric Delivery Holdings Company LLC
ONE Gas, Inc.
ONEOK, Inc. & ONEOK Partners, LP
Ontario Power Generation Inc.
PG&E Corporation
Philadelphia Gas Works
Pinnacle West Capital Corporation
PJM Interconnection, LLC
Plains All American Pipeline, L.P.
PNM Resources, Inc.
Portland General Electric Company
PowerSouth Energy Cooperative
PPL Corporation
Public Service Enterprise Group Incorporated
Public Utility District No. 1 of Chelan County
Public Utility District No. 1 of Snohomish County

Public Utility District No. 2 of Grant County, WA
Public Utility District No. 1 of Douglas County
Public Utility Risk Management Services
Puget Holdings LLC
REMC Assets, LP
RGC Resources, Inc.
Sacramento Municipal Utility District
Salt River Project Agricultural Improvement and Power District
SEMCO Holding Corporation
Seminole Electric Cooperative, Inc.
Semptra Energy
South Carolina Public Service Authority (Santee Cooper)
Southern Company
Southern Star Central Corp.
Southwest Gas Holdings, Inc.
Southwest Power Pool, Inc.
Spire Inc.
STP Nuclear Operating Company
Suburban Propane Partners, L.P.
Summit Utilities, Inc.
Talen Energy Corporation
Tallgrass Energy, LP
Taneska, Inc.
Targa Resources Corp.
TC Energy Corporation
Tennessee Valley Authority
Trans Bay Cable LLC
Trans Mountain Corporation
Tri-State Generation and Transmission Association, Inc.
UGI Corporation
Vistra Corp.
WEC Energy Group, Inc.
WGL Holdings, Inc.
Williams Companies, Inc. (The)
Xcel Energy Inc.

► **Photo: The Colliding Spiral Galaxies of Arp 274 • Image Credit: NASA, ESA, Hubble; Processing & Copyright: Mehmet Hakan Özşaraç**

Two galaxies are squaring off in Virgo. When two galaxies collide, the stars that compose them usually do not. This is because galaxies are mostly empty space and, however bright, stars only take up only a small fraction of that space. But during the collision, one galaxy can rip the other apart gravitationally, and dust and gas common to both galaxies does collide. If the two galaxies merge, black holes that likely resided in each galaxy center may eventually merge. Because the distances are so large, the whole thing takes place in slow motion -- over hundreds of millions of years.



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