

# M E N B E R S R E P O R T

ENERGY INSURANCE MUTUAL

VOLUME 22, ISSUE 1

JANUARY 2008

## Julie Jackson, Targa Resources, Approved for IAC Membership

**J**ulie R. Jackson, ARM, CPCU, CLU, FLMI, director, risk management and insurance, Targa Resources, Inc., Houston, has been approved by the EIM Board as a member of the Company's Insurance Advisory Committee.

Julie fills a vacancy created by the retirement, at the end of September, of **Mike Wilson** from Entergy Corporation. Julie was recommended to the Board by the other IAC members.

Julie joined Targa in November 2005 when the company purchased Dynegey's midstream NGL business. She was director, risk management and insurance, Dynegey, also based in Houston, from July 1996 to November 2005. She was hired originally as a senior analyst and held a number of positions of increasing responsibility and rank throughout her years at Dynegey.

At Targa, Julie manages overall insurance programs with premiums of approximately \$20 million, assets of \$3.5 billion, and over \$400 million in annual operating

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## Company Again Gets High Marks on Customer Satisfaction

**T**he Company's 2007 Risk Managers Survey, in which 119 EIM Risk Manager Representatives participated, bore outstanding results.

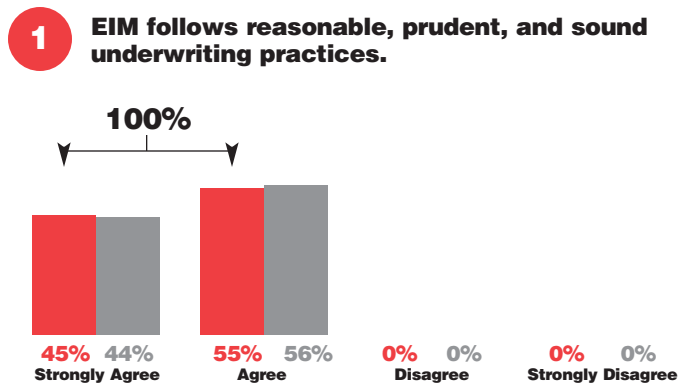
From management's perspective, responses to the questions are a critical barometer of how well we are doing in meeting our customer satisfaction goals as set out in our Strategic Plan. The survey results were presented to the Board of Directors at its November meeting.

The IAC members conduct the telephone survey. In addition to the standing 14 questions, two were added in 2007. Each concerned the "Risk Managers Only" session at the annual Risk Managers Information Meeting.

## 2007 Risk Managers Survey Results

119 Risk Managers Responding

■ 2007 Results ■ 2006 Results



*(Continued on page 2)*



**Donna Dunlap,  
EIM Employee for Over 19 Years,  
To Retire January 31**

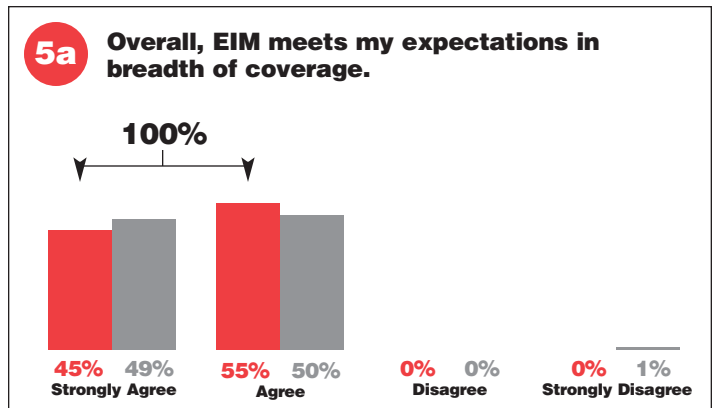
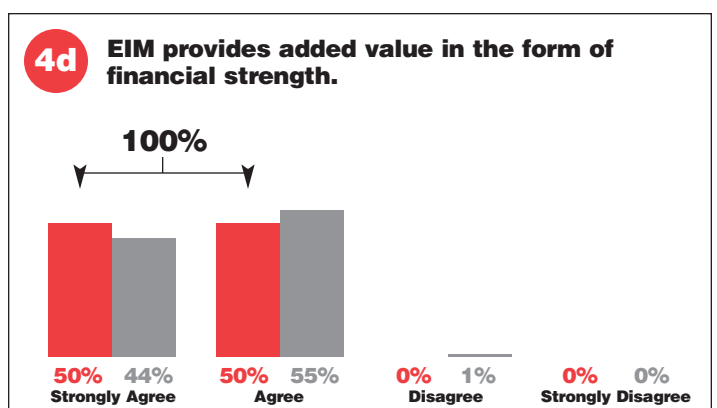
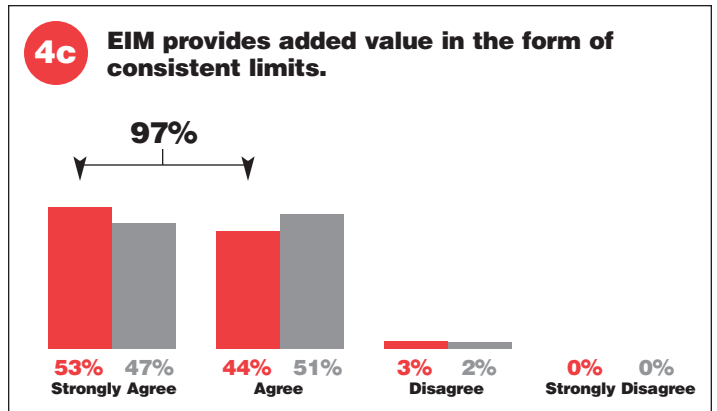
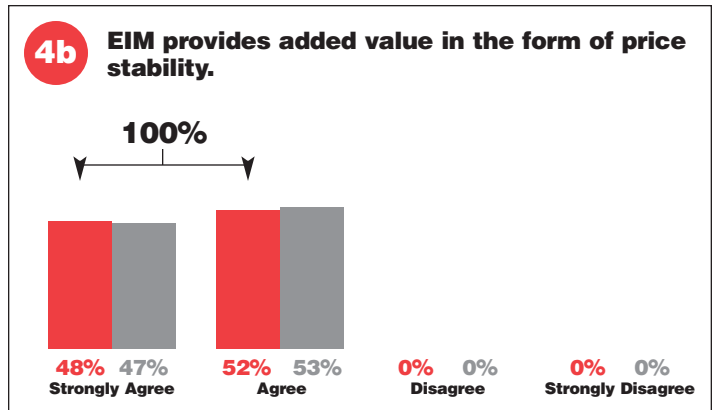
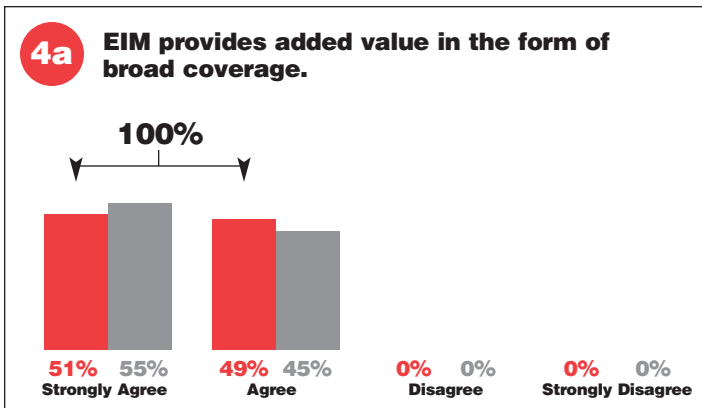
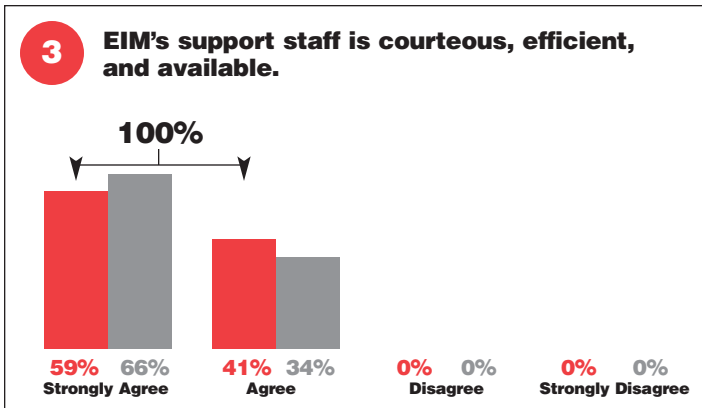
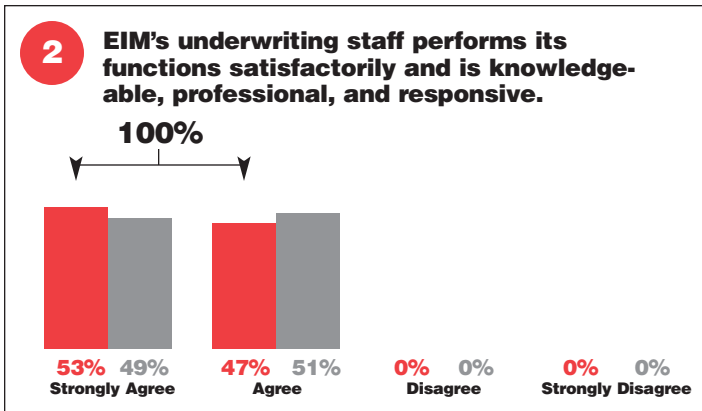
*See story on page 6*

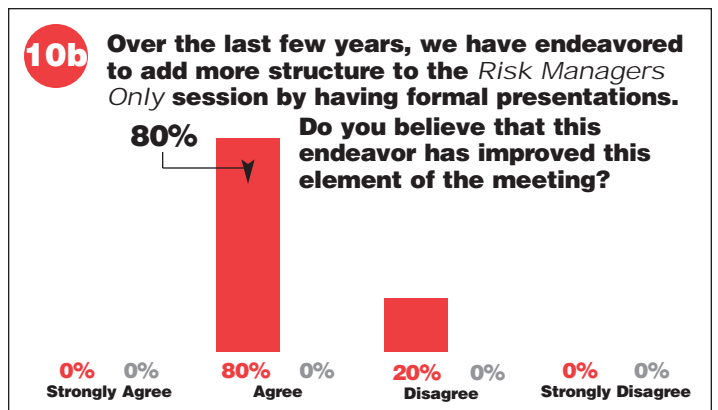
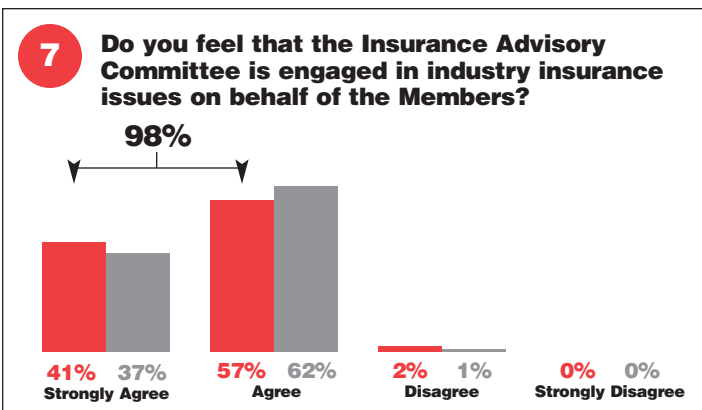
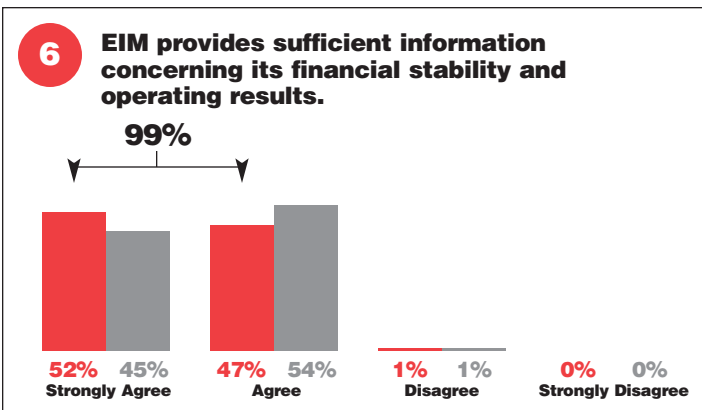
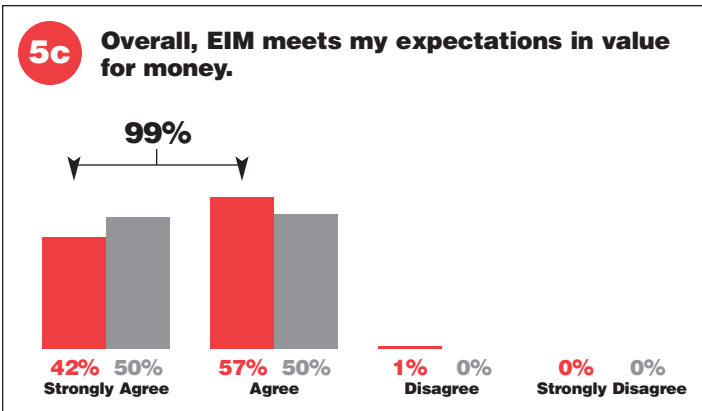
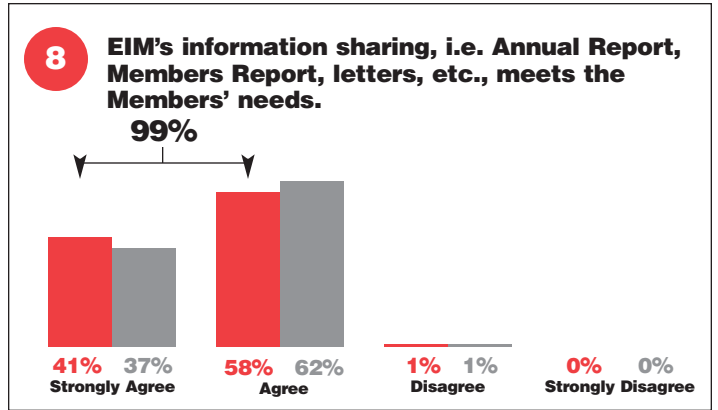
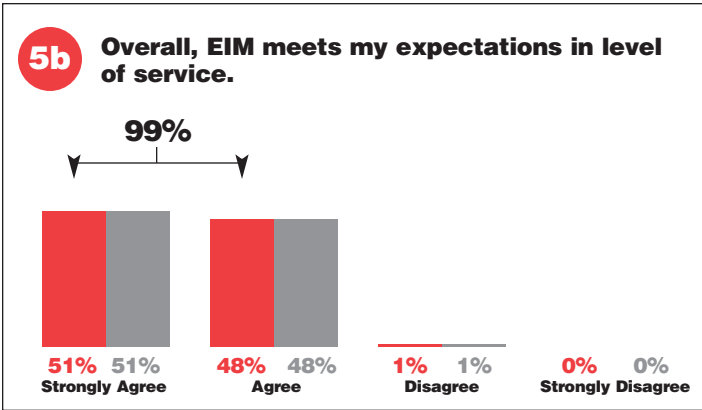
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# 2007 Risk Managers Survey Results

119 Risk Managers Responding

■ 2007 Results ■ 2006 Results





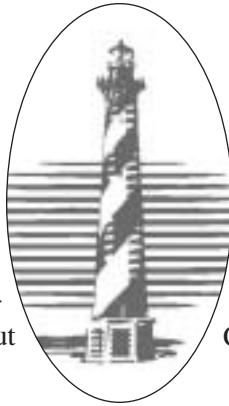
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## Record Number Participate in 2007 EIS Annual Program Conference

**A** record number of people participated in Energy Insurance Services' annual Program Conference that was held Oct. 8-12 in Charleston, SC.

The annual conference attendees included EIS Mutual Business Program participants, EIS service providers, and some representatives from EIM-Member companies who came to learn more about EIS.



During the conference, the EIS Board of Directors met and South Carolina Department of Insurance Director Scott Richardson presented David Hadler, EIM president and CEO, with a letter from the Governor of South Carolina that expressed appreciation for the Company's relocating to South Carolina.

In addition to holding several Program Advisory



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Committee meetings, there was a Group MBP meeting on Wednesday afternoon with presentations from EIS management, USA Risk Group, and Johnson Lambert & Company, the Company's auditors.

Other highlights of the meeting included a cocktail buffet at the South Carolina Aquarium and a carriage tour of historic Charleston that was followed by dinner at the Old Exchange Building.



# Donna Dunlap, EIM Employee for Over 19 Years,



*Donna at the 1996 Risk Managers Information Meeting.*

*Donna and Barrington.*



*Donna with Gene Weaver who had known Donna in Oklahoma City.*



*The EIM staff in the summer of 1988.*



*Donna and then Director Dick Haden at 1991 Annual General Meeting.*

**D**onna Dunlap, who joined EIM May 1, 1988, as staff secretary and has served as a Company officer since late 1991, will retire Jan. 31, 2008.

So, what happens after the 31<sup>st</sup>?

“My first challenge will be getting used to not working,” Donna said. “I’ve been working since high school. I do see the possibility of increasing my volunteer work; also, I’ll have time to improve my golf game; and I’ll travel some,

certainly visit more frequently with family and friends in Oklahoma; and yes, I’ll continue living in Florida,” she concluded.

CEO David Hadler, to whom Donna has reported since David’s joining EIM in 1994, had this to say, “Donna was EIM’s fifth employee and has served the Company loyally over the intervening 19 years. The one area that Donna and myself occasionally differed was that I have always been a firm believer that you cannot please all of the people all of the

# To Retire January 31

*Donna and then Chairman Dick Haden at the 1997 AGM.*



*CEO David Hadler and Donna at the 2000 RMIM.*



*Donna when elected Company secretary in January 2001.*



*Then Chairman Tom Nunnally and Donna in 1989.*



*Donna, Director Trevor Carmichael, then Chairman Charlie Markel, and President David Hadler in Barbados in 2001.*

time. She believed that it was possible to please all of the people all of the time and came as close to achieving that than anyone I have ever known. All her colleagues at EIM wish her a long and happy retirement," he said.

A native of Oklahoma City, Donna was a trust officer of Guaranty Bank & Trust Company in Oklahoma City prior to joining EIM.

A few months after joining EIM, Donna was named office manager, a position she continues to fill. On Nov. 4, 1991, the

EIM Board elected Donna assistant secretary of the Company. She held that position until Jan. 1, 2001, when she was promoted to secretary. She also served Energy Insurance Bermuda as assistant secretary prior to EIB being relocated to South Carolina and becoming Energy Insurance Services.

In addition to her administrative responsibilities, Donna has been responsible for planning and coordinating all cor-

*(Continued on page 8)*

**Donna Dunlap, EIM Employee for Over 19 Years,  
To Retire January 31**

*(Continued from page 7)*



*Donna and Trevor Carmichael.*



*Donna and Jean Ranabarger, Western Resources.*



*Donna and Tom Jenkins, Nicor, at 1991 RMIM.*



*Donna and Tom Powell, Rochester Gas & Electric, at 1990 RMIM.*



*Jane Murphy, EIM staff; Kevin King, California ISO; Donna; and Deana Edmonds, EIM staff, at 2007 RMIM.*

porate meetings of the Company, including the annual Risk Managers Information Meeting that is attended by approximately 300 people.

Donna attended college at Oklahoma Baptist University, Shawnee, where she met her future husband. During high school and college, she worked in the business office of Oklahoma City Golf and Country Club. Then, in Enid, OK, Donna worked for the Oakwood Country Club where she began organizing social functions.

Donna has a son, Gregg Mathis, who is self-employed and lives with his wife Laura in Yukon, a city that is adjacent to Oklahoma City. Donna also has a daughter, Kaye Stump, who lives with her husband Doug in Oklahoma City. Doug's two children, Matt and Kelli, are attorneys and work in their father's law firm. Kaye works for Dobson Communication Company.



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## EIM'S Balance Sheet at September 30, 2007

(Unaudited and Expressed in Thousands of U.S. Dollars)

	9/30/07	9/30/06
<b>ASSETS</b>		
Investments	\$ 1,205,573	\$ 1,129,637
Cash and cash equivalents	21,108	42,116
Accrued interest	5,522	6,352
Income taxes recoverable	15,181	0
Deferred acquisition costs	997	1,102
Reinsurance paid in advance	56,028	60,741
Insurance balances receivable	1,845	2,393
Prepaid expenses	690	580
Reinsurance recoverable on unpaid losses	364,849	251,916
Investment in subsidiary	1,596	1,234
Property and equipment	829	1,051
Total Assets	<u>\$ 1,674,218</u>	<u>\$ 1,497,122</u>
<b>LIABILITIES</b>		
Reserve for losses and LAEs	\$ 806,673	\$ 723,689
Unearned premiums	93,388	99,036
Reinsurance balances payable	9,695	13,532
Deferred income tax	78,250	41,299
Accrued expenses	6,183	4,656
Income taxes payable	0	4,274
Total Liabilities	<u>\$ 994,189</u>	<u>\$ 886,486</u>
<b>POLICYHOLDERS' SURPLUS</b>		
Retained earnings	\$ 494,358	\$ 484,190
Accumulated other comprehensive income	185,671	126,446
Total Policyholders' Surplus	<u>680,029</u>	<u>610,636</u>
Total Liabilities and Policyholders' Surplus	<u>\$ 1,674,218</u>	<u>\$ 1,497,122</u>

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## Statement of Operations for the Period January 1, 2007 to September 30, 2007

(Unaudited and Expressed in Thousands of U.S. Dollars)

	9/30/07	9/30/06
<b>UNDERWRITING INCOME</b>		
Gross premiums earned	\$ 153,296	\$ 157,479
Reinsurance premium assumed	4,196	4,949
Reinsurance premium ceded	(70,902)	(69,754)
Net Premiums Earned	<u>86,590</u>	<u>92,674</u>
<b>UNDERWRITING EXPENSES</b>		
Losses and LAE incurred - direct	198,131	93,939
Losses and LAE incurred - assumed	(4,103)	1,964
Reinsurance recoverable	(92,920)	(28,467)
Net losses and LAE	101,108	67,436
Administrative expenses	7,621	7,025
Total Benefits and Expenses	<u>\$ 108,729</u>	<u>\$ 74,461</u>
(Loss) income from underwriting	(22,138)	18,213
Net investment income	<u>35,710</u>	<u>32,177</u>
Income before Policyholders' Distribution	13,572	50,390
Less: Policyholders' Distribution	0	0
Income before income taxes	13,572	50,390
Less: Income tax (benefit) expense	(453)	13,448
Net Income	<u>\$ 14,025</u>	<u>\$ 36,942</u>

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## Five Member Companies Have New Risk Manager Reps

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**F**ive EIM Members—Constellation Energy Group, FPL Group, Great River Energy, PNM Resources, and Salt River Project—have new EIM Risk Manager Representatives.

### Constellation Energy

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*John Weisner*

**John W. Weisner**, ARM, director, insurance and loss control, Constellation Energy, is the company's new Risk Manager Representative.

A native of Milwaukee, John has a bachelor's in chemistry from Marquette University, Milwaukee, and a master's, with an emphasis on finance and risk management, from the University of Wisconsin, Madison.

John began his career as a risk management consultant with the Wyatt Company in Washington, D.C. He was there from 1987 to 1992 when he joined Aon. He left Aon as a vice president in 2000 and relocated to Pittsburgh to join Alcoa, Inc., as manager, risk management and insurance. He was in that position when he moved to Constellation Energy, Baltimore.

John is a past board member of the Pittsburgh Chapter of RIMS.

### FPL

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**Erica McNabb**, CPA, senior manager, risk management, Florida Power & Light Company, is now EIM Risk Manager Representative.

Born in New London, CT, Erica graduated in 1990 from the University of Texas, Arlington, with a BBA in accounting.

Erica began her career in September 1990 at Deloitte & Touche, Dallas, and later moved to the firm's West Palm Beach office. She left Deloitte & Touche as a senior auditor to join FPL in January 1994. She has worked in internal auditing and financial reporting before moving to her present position. From January 1997 to August 1998, Erica was the inter-

national accounting manager at Implant Innovations, Inc., Palm Beach Gardens, FL.



*Erica McNabb*

Erica is a member of RIMS, AICPA, and IMAC. Also, she is an officer and director of Palms Insurance Company, Limited; a director of United Insurance Company; and the FPL representative on AIG's regional RMAP.

### GRE

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**Mark G. Fagan**, manager, enterprise risk and insurance, Great River Energy, is this Member's new EIM Risk Manager Representative.

A native of Wyoming, Mark received a bachelor's degree in 1996 from Dakota Wesleyan University, Mitchell, SD. In 2006, he received a master's from the University of Minnesota, Minneapolis.

Mark joined GRE in June 1999 as pricing and contracts administrator. He then moved in November 2000 to market analyst. In December 2002, he became the company's generation optimization planner. After that position, he was manager, business development from April 2006 to August 2007, when he moved to his current job.

Mark is a member of RIMS and the National Association of Business Economics.

### PNM

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**Alicia Quinones**, manager, enterprise risk and insurance services, is the new EIM Risk Manager Representative for PNM Resources, Albuquerque, NM.

A native of New Mexico, Alicia graduated from New Mexico State University, Las Cruces, with a bachelor's in chemical engineering. She has worked in the energy industry both in Houston in oil processing and in Alaska in oil production. While in Anchorage, she earned her MBA in finance at

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## Members Change Names

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the University of Alaska, Anchorage.

Also, while in Alaska, Alicia worked as a business consultant offering planning services to rural Native American businesses, including timber, fishing, and tourism operations. She is currently studying to obtain certification in strategic decision and risk management from Stanford University.

Alicia became manager, enterprise risk and insurance services in June 2007. Her insurance role is to manage insurance programs for regulated electric, gas, and transmission operations in New Mexico and merchant generation, transmission, and marketing operations located in Texas. Also, she started the company's ERM program in 2000. Part of her responsibility is to manage the enterprise risk analytics and strategic risk planning group and is currently working to integrate ERM with the corporate integrated planning process.

### SRP

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Marcia Philpott

**Marcia J. Philpott**, senior risk analyst, Salt River Project, has been named EIM Risk Manager Representative.

Born in Bloomington, IL, Marcia graduated in 1991 from the University of Texas, Austin, with a BBA in risk management and insurance. In 1993, she received her MBA in risk management and insurance from Georgia State University, Atlanta.

Marcia began her career at John H. Harland Company, Atlanta, where she worked as a risk analyst from June 1993 to September 1995. For the next two years, she worked for RTM Restaurant Group, Atlanta, as risk management coordinator. In January 1998, Marcia joined Marsh USA where she remained until October 2005, having worked in Marsh's offices in Greenville, SC, and Richmond, VA.

Marcia will be the secretary of the Phoenix Chapter of RIMS and is membership chair of the Phoenix Chapter of Texas Exes Alumni Association.

Several Member Insureds have changed their names in recent months:

- Duquesne Light Holdings, Inc., became **DQE Holdings LLC** on May 31.
- Kinder Morgan, Inc., became **Knight, Inc.**, on June 14.
- Ferrellgas L.P. became **Ferrell Companies, Inc.**, effective July 6.
- TXU Corp. changed to **Energy Future Holdings Corp.** as of October 10.



EIM Member **Cascade Natural Gas Corp.** was acquired by EIM Member **MDU Resources** effective July 2

EIM Member **National Grid plc** acquired EIM Member **KeySpan Corporation** on August 24. KeySpan remains a separate Member.



At December 10, there were 172 EIM Members.

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### Julie Jackson, Targa Resources, Approved for IAC Membership

*(Continued from page 1)*

margins, as of the end of 2006. She also has managed significant onshore and offshore property damage, business interruption, and contingent business interruption claims in excess of \$100 million from Hurricanes Katrina and Rita.



Julie Jackson

Before joining Dynegy, Julie was an analyst, risk management and insurance, American General Corporation, Houston. She was employed there from 1985 to 1996. From 1982 to 1985, Julie worked for Olsten Temporary Services.

Julie graduated in 1995 from LeTourneau University, Houston, with a bachelor's in business management. From 1998 to 2002, she served on the board of directors of the Houston Chapter of RIMS.



## **R** January 18 Deadline for RMIM Registration

egistration for the 22<sup>nd</sup> annual Risk Managers Information Meeting must be completed by January 18. One may register on the Company's website.

The meeting, which usually includes approximately 300 participants, will be held February 24-26 at Omni Orlando Resort at ChampionsGate.

In CEO David Hadler's website welcome, he writes, "I am sure that there will be no shortage of interesting subjects to discuss. Your participation in this meeting is important and can only help us in establishing how we may better serve our Members in the months and years ahead."

Jane Murphy, EIM staff, is coordinating the 2008 RMIM. Questions should be asked of her.



## **MEMBERS REPORT**

EIM's *Members Report* is published up to four times per year.

The Company's annual report is published in May.

Comments, questions, and suggested subjects from Members are sincerely welcomed.

Please send information to the EIM office in Tampa.

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