EIM Energy Insurance Mutual

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Members Report

Direct Access

Time Flies.....!

By CEO Scott Goodell

It seems like only yesterday that I arrived in Tampa. Yet, in fact, as I write this, it has been almost eight months since joining EIM. At first blush, it feels like a great deal of time has passed and too little has happened. However, on reflection, there has been a great deal of activity that will enable EIM to build on existing initiatives and further develop longer-term strategies.

Scott Goodell

There are several subjects on which I will report in this column:

- Our progress in applying ERM to all that we do;
- A more quantitative approach to purchasing reinsurance;
- New initiatives in 2011 designed to enhance Membership value; and
- An updated three-year Strategic Plan.

In 2009, EIM began assessing enterprise-wide risk. A key lesson learned in 2008 was that risk is embodied in all Company undertakings, and that effective management of risk requires consideration of operational, insurance, financial, and strategic exposures. This assessment formed the basis for EIM's enterprise risk management framework and the creation of the ERM committee which, since late 2009, has reported directly to the Board's

(Continued on page 2)

EIM To Offer Drop Down Over AEGIS EGL Aggregate

Beginning Jan. 1, 2011, EIM will offer a drop down over the $70 million annual AEGIS aggregate on its excess general liability policy, according to Jill Dominguez, EIM vice president-underwriting.

"There will be an additional premium associated with the drop down, but each account will be underwritten on its own merit," Jill said. She also reported that 92 percent of the EIM Member respondents in the recent IAC Annual Risk Managers Survey said it is either "very important" or "somewhat important" that EIM provide the drop down.

"There is clearly a need or desire for the additional coverage among EIM Members," Jill said, "and we are pleased to respond affirmatively."

Jill provided this background:

"At the AEGIS Policyholders Conference in July, AEGIS announced that its Risk Managers Advisory Committee agreed that AEGIS should place $35 million per occurrence/$70 million annual aggregate limit (or twice the per occurrence limit, if lower) on the excess liability policy. That will put a finite limit on the policy no matter how many "occurrences" are reported. There will still be two coverages outside the aggregate limits—Employment Practices liability and Pollution liability will each have a separate $35 million aggregate. The aggregate will take effect with excess liability policies renewing on and after Jan. 1, 2011.

(Time Flies .....! continued from page 1)

Audit Committee.

This year, the ERM committee has met quarterly to review performance in areas such as reserve development, price per million on general liability and directors and officers coverages, investment yield, surplus, and Membership retention. In 2010, EIM added metrics for GL and D&O policy retention as well as reinsurance recoverables. In addition, the ERM committee continues to examine existing practices such as linking EIM goals and objectives to key ERM metrics, more fully integrating quantitative assessment and risk tolerances for the various ERM exposures (financial, operational, insurance, and strategic), and establishing clear accountability for ERM risk metrics and risk management activities.

In short, ERM has become more robust, more fully integrated into EIM's day-to-day activities, and more transparent to our Member Companies.

In addition to ERM, the Company undertook a more quantitative approach in 2009 to purchasing EIM's 2010 reinsurance program. Reinsurance represents EIM's largest annual expense as well as one of its largest assets. Establishing clearer financial objectives and testing these objectives against alternative reinsurance structures enables EIM to identify the most cost-efficient reinsurance solution, which, at the same time, offers the most responsive reinsurance protection.

We have undertaken a similar exercise for EIM's 2011 reinsurance renewal, adding additional metrics and considering more than a dozen permutations of reinsurance structures. In the end, our reinsurance decision-making process is broader and deeper, providing a solid foundation upon which to finalize EIM's 2011 reinsurance program.

While building on existing capabilities, EIM also has adopted a number of new initiatives for 2011, all designed to enhance the value of the organization to Member Companies. Using a balanced scorecard, we are stressing Member Focus, Financial Performance, Business Process, and People as key objectives for next year.

Member Focus includes goals relating to Member Company satisfaction, strengthening Membership relations, and providing responsive risk management solutions. Financial Performance focuses on claims handling, underwriting discipline, and surplus growth, while Business Process emphasizes maintenance of EIM's AM Best "A" rating and creating operational efficiencies via new technologies. Our People goals include enhancing internal communication, providing ongoing education and cross-training, and working as a team.

With the help of the Insurance Advisory Committee, and at the direction of the Board's Strategic Planning Committee, we are updating the three-year strategic plan with an eye toward defining the longer-term direction of the Company. The updated plan looks at our Mission Statement and Vision, considers our Core Values and risk tolerance, and assesses EIM's strengths, weaknesses, opportunities, and threats. Against this backdrop, the plan will build on the longer-term elements of our Member Focus, Financial, Business Process, and People balanced scorecard objectives. All of this will lead to a three-year operational, financial, insurance, and strategic view of the Company. We will be presenting the new strategic plan to the Board this November, and we will review it with the Membership at the Risk Managers Information Meeting in February 2011.

Our recent Member Survey also has provided significant food for thought as we look ahead. Greater transparency, strengthened communication, emerging industry issues, and responsiveness to coverage needs are all areas for continued dialogue and EIM response.

In addition to the positive momentum underway at EIM, Energy Insurance Services (EIS) is growing significantly and performing well. In addition to augmenting existing cell coverages with new terrorism and property capacity, EIS also created a new cell dedicated to wildfire protection. The company is clearly poised to build on the successes enjoyed in 2010.

These initial months have passed quickly—and much has been accomplished. It is essential that we successfully implement the initiatives currently underway, maintain and build on Membership communication, and as we look forward to our 25th anniversary in 2011, ensure that EIM is well positioned to serve its Member Companies for decades to come.

From the IAC Chairman

Centered on Emerging Risks


Debbie Gaffney

EIM's Insurance Advisory Committee works directly with EIM management on relevant topics of the day.

Of late, our discussions have centered on emerging risks in our industry, events that could increase exposure to EIM, and risks that could represent *uninsured* exposure to EIM. We have several task forces set up on specific topics: carbon capture and sequestration, cyber liability, and TRIPRA. We monitor and track current happenings in those areas.

The group as a whole wanted to delve deeper into other emerging risks that could present exposure to the Members and EIM. For example, if/when Members are faced with mandated reductions of CO_2 emissions, would there be a potential for an increase in liability claims for past emissions? Could Members and EIM face a rash of D&O claims relating to the management of these issues? How would insurance come into play, if at all?

We knew AEGIS and its RMAC had been working on a similar process, and they graciously agreed to share their work with us and provide feedback on the material. This information has been used in our discussions with EIM management and is contributing to their long-term planning in terms of coverage possibilities, potential claims scenarios, and hopefully new opportunities for the Company. This is a great example of the two mutuals working together, assisting each other for the benefit of their respective Memberships. We have invited the AEGIS RMAC to a meeting with our IAC during the Risk Managers Information Meeting (RMIM) in February 2011 to continue the discussion on emerging risks.

The IAC began work on the annual Membership survey around June; a key difference this year was that we requested some changes and enhancements in the questionnaire, to which management readily agreed. You may have noticed a few new questions and the opportunity to provide feedback in several new areas. We appreciate the Member representatives who took the time to respond to the survey, as this information is truly important to EIM. As this goes to press, we have received 110 responses.

We have a group that continues to work on the Energy School that is cosponsored by EIM, NEIL, OCIL, and OIL. This year's program was another success. If you haven't sent someone from your company, we encourage you to do so.

Last, but certainly not least, the IAC is working with management on the David Hadler Award regarding the overall process and selection criteria. We are proud that the Company is offering such an award to be given annually, and we are honored to be a part of the planning process. The award will be presented to the outstanding Risk Manager, with the initial presentation to be made at the 2011 RMIM in February.

The IAC's on-going role is to act as a representative to EIM of its Member base. It is also here to serve as a liaison between the two. If you have any issues that you would like for us to look in to, or have concerns that you would like for us to discuss, please let me or an IAC member know.

— Debbie Gaffney, Chairman, IAC

Members Report Gets New Look; *eMR on Company's Website*

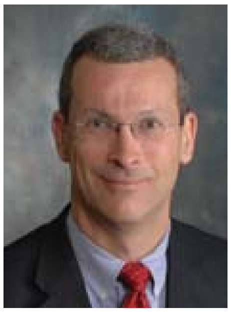
With this issue of *Members Report*, we introduce a new format for the quarterly newspaper, including four-color photography, and a new electronic version called *eMR*. It can be found at www.eimltd.com.

From its beginning in January 1987, the newspaper has been called *Members Report*. By the second issue, the nameplate on the cover page was the same through MR-24-3, which was published this past June.

"We had considered eliminating the printed version of *Members Report*, but several members of the Insurance Advisory Committee expressed interest in maintaining the printed version," said Scott Goodell, EIM president and CEO.

"We certainly don't want to diminish communication with our Members," Scott said. "In fact, it is our intention to expand communication, and we will be using the website more and more."

Six Members Name New Representatives


Steve Haynes

Six EIM Member Companies—American Electric Power; FirstEnergy Corp.; NV Energy; Portland General Electric; Public Utility District No. 2 of Grant County, Washington; and Sempra Energy—have new EIM representatives.

AEP

Stephan T. Haynes, vice president—strategic initiatives and chief risk officer, AEP, Columbus, OH, has been named recently EIM Member Representative.

A native of Parkersburg, WV, Steve graduated in 1983 from Harding University, Searcy, AR, with a bachelor's degree in business systems analysis. Four years later, in 1987, he received his MBA from The Ohio State University, Columbus.

Steve, who began his career at AEP in March 1984, has been in his present position since January 2008. From May 2004 to December 2007, he was vice president and assistant treasurer. From July 1998 to April 2004, he was managing director and then vice president, market risk oversight. His prior jobs at AEP involved information technology and investor relations.


Tom McDonnell

FirstEnergy

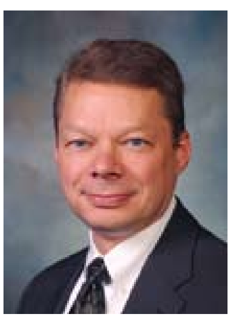
Thomas J. McDonnell, corporate insurance risk manager, FirstEnergy, Akron, OH, is the company's recently named EIM Risk Manager Representative.

A native of Cleveland, Tom received a bachelor's in accounting in 1987 from the University of Dayton, Dayton, OH, and a master's in finance and management in 1992 from the University of Akron.

Tom joined FirstEnergy in 1987 as an associate accountant; from 1998 to 2006, he was primarily a business analyst, at various levels; and from 2006 to 2008, he was a consultant to FirstEnergy. He has been in his present position since December 2008.

Tom is chairman of MBP No. 6 at Energy Insurance Services, and he is a member representative to AEGIS and a member of the NEIL IAC and executive committee. Also, Tom is a member of the Northeast Ohio Chapter of RIMS.

He received the ARM designation in 1999.


Gary Lavey

NV Energy

Gary L. Lavey, chief risk officer and vice president, internal audit, NV Energy, Las Vegas, is this Member's new EIM Member Representative.

A native of Louisville, KY, Gary graduated in 1981 with a bachelor's degree in accounting from Bellarmine University, Louisville.

A CPA, Gary began his utility career in 1998 at Ameren Energy, St. Louis, as director of credit, risk management. He was there a year, moving to Cinergy Corporation, Cincinnati, in 1999, where he was vice president, global risk management. From 2006 to 2008, Gary was vice president, internal audit and risk management, Axcess Financial, Mason, OH. He has been in his present position at NV since 2008.


Maria Pope

PGE

Maria Pope, senior vice president of finance, chief financial officer, and treasurer, Portland General Electric, Portland, OR, is the company's new EIM Member Representative.

Maria is a graduate of the Stanford Graduate School of Business. She earned her bachelor's degree from Georgetown University.

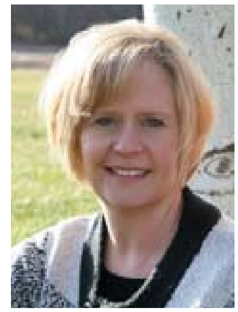
In her present position, Maria is responsible for PGE's financial areas and rates and regulatory affairs.

Prior to this appointment, she served on PGE's board of directors.

Before joining PGE, Maria was chief financial officer and responsible for operations at Mentor Graphics, a publicly traded high tech company. She also has held management positions at Pope & Talbot, Levi Strauss, and Morgan Stanley.

Maria currently serves on several corporate boards. She is a past chair of the Council of Forest Industries and the Oregon Symphony.

Grant County PUD



Julie Yount

Julie A. Yount, risk analyst, Grant County PUD, Ephrata, WA, is this Member's new EIM Risk Manager Representative.

Born in Yakima, WA, Julie completed studies in marketing and merchandising at the Seattle Art Institute in 1991.

For four years, beginning in 1994, Julie worked for a public entity TPA firm, Canfield & Associates, Ephrata, in administrative services and then as a claims representative. In 2000 and continuing to 2004, she worked for Columbia Basin Hospital, also in Ephrata, again in administrative services with a focus on policy compliance and risk management. She joined Grant County PUD in 2004. Until 2008, when she became risk analyst, Julie worked in the District's natural resources division.

She is a RIMS member.

Sempra

Maury De Bont

Maury Brendon De Bont, director, risk management, Sempra Energy, San Diego, is the new EIM Risk Manager Representative.

Born in Glendale, CA, Maury graduated in 1985 with a bachelor's degree in business finance from California State University, Long Beach. He obtained the ARM designation in 1990.

Maury began his career in 1980, working for a managing general agency while in college. In June 1985, he became an account executive at Farris General Insurance Agency, Yorba Linda, CA. In January 1988, Maury moved to Mitsubishi Motor Sales America, Cypress, CA, where he was senior administrator, insurance and risk management. His utility career began May 1994 at Southern California Edison, Rosemead, where he was risk management analyst.

Maury joined Sempra Energy in January 1999 as insurance manager. He became risk manager in January 2003 and was promoted to his present position in January of this year.

An active member of the Orange County Chapter of RIMS for 10 years, Maury has held all officer positions, including president (1995-96), director, and various committee chairs.

Chairman Hatfield on Hospital Board

EIM Chairman Jim Hatfield, senior vice president and chief financial officer of Pinnacle West Capital Corporation, Phoenix, has been elected to the board of the city's oldest and largest hospital, St. Joseph's Hospital and Medical Center. Located in the heart of Phoenix, St. Joseph's is a 670-bed, not-for-profit hospital that provides a wide range of health, social, and support services, with special advocacy for the poor and under served. Founded in 1895 by the Sisters of Mercy, St. Joseph's was the first hospital in the Phoenix area. The hospital is part of Catholic Healthcare West, one of the largest healthcare systems in the West with 40 hospitals in Arizona, California, and Nevada.

Jim Hatfield

Meet Our New Director

Avista's Marian Durkin, Lawyer Turned Executive

Marian Durkin of Avista Corp. was elected to a three-year term on the EIM Board of Directors at the Annual General Meeting in Dallas in May.

Director Marian Durkin's story began on the East Coast in a suburb of Philadelphia, a place named Narberth, PA. She was one of eight children—three brothers and four sisters. Marian was child number five. She describes the setting as where she learned "survival skills."

Husband Terry, a native of Madison, WI, was one of 10 children. Terry was number four. Between them, the Durkins have 45 nieces and nephews who live all over the country. "We used to have great family gatherings each summer in the Outer Banks of North Carolina; today, we rely on Facebook. Our get-togethers now are mostly weddings," Marian said. In fact, as this story was being prepared, she and Terry were attending a nephew's wedding in Philadelphia.

Born Marian McMahon, she graduated high school in 1972 from Country Day School of the Sacred Heart. There were 20 girls in the graduation class. "That was the ideal situation for learning leadership skills," Marian said.

Four years later, in 1976, Marian received a bachelor's degree in political science from Manhattanville College, a four-year liberal arts college near White Plains, NY. Then, she attended the Paralegal Institute in Philadelphia where she became a paralegal with an emphasis in employee benefits.

She moved to St. Paul, MN, in 1977 and went to work as a paralegal at the law firm of Briggs and Morgan, and she took night classes at the city's William Mitchell College of Law. She received her JD degree in 1984 and an LLM in tax law in 1988, still working full-time. Marian was a partner at Briggs and Morgan from 1991 until her departure in May 1995.

Marian's next employer was United Airlines in Chicago where she worked over 10 years. She left United as vice president, deputy general counsel, and assistant secretary. Initially, her focus was employee benefits. By the time she left for Avista, she was focused on commercial matters.

At Avista, four functions report to Marian. They are legal, compliance, real estate, and claims. "Most of all, I enjoy working with our board and with management on corporate strategy," Marian said.

Married to Terry Durkin since June 1981, Marian and Terry met the prior year while running along the Mississippi River. Their offices were in the same building in St. Paul, right on the river. Today, the

Durkins have two daughters: Maggie, 28, an attorney who now works in human resources, is married to Kevin Donnelly; they live in Iowa; and Annie, 26, who is the office manager for a start-up company in Seattle.

The Durkin household includes two dogs—Murphy, a 10-year-old rescue who is mostly Pointer, and Sophie, a Corgi who was a Mother's Day gift in 2009.

Marian M. Durkin is senior vice president, general counsel, and chief compliance officer for Avista Corp. As the chief legal officer, she provides counsel and guidance to the Avista Corp. board of directors and officers on legal matters relevant to the company and its subsidiaries. As chief compliance officer, Marian is responsible for coordinating and overseeing Avista's ethics and compliance programs.

Prior to joining Avista in 2005, Marian was vice president, deputy general counsel, and assistant secretary for United Airlines, Chicago. Her experience also includes 18 years with the Minneapolis law firm of Briggs and Morgan, P.A.

Taking advantage of the Northwest, the Durkins snow ski and bike. They love to travel, with their favorite foreign destination being Italy. "However, with family all over the United States," Marian said, "we are traveling mostly these days within the lower 48."

In addition to EIM's board, Marian is a member of the board of trustees of Providence Health Care, a multi-hospital healthcare company based in Spokane, and co-chairs the board of trustees of Vanessa Behan Crisis Nursery which serves at-risk newborns through age six and their families.

"Having now participated in two EIM board meetings, I realize that I have much to learn," Marian said, "Also, it is apparent that the board members are a dedicated group of people who are working hard for an organization that is vital to our industry. It's also apparent that this is a group of men and women who genuinely like each other and are dedicated to the work."

Founded in 1889 as Washington Water Power, Avista engages in energy production, transmission and distribution, as well as other energy-related activities.

An investor-owned utility (New York Stock Exchange ticker symbol: AVA) with annual revenues of more than $1.3 billion, Avista provides electric and natural gas service to about 481,000 customers in a service territory of more than 30,000 square miles.

Avista serves those customers with a mix of hydro, natural gas, coal, and biomass generation delivered over 2,100 miles of transmission line; 17,000 miles of distribution line; and 6,100 miles of natural gas distribution mains. Avista is headquartered in Spokane, WA, and has nearly 2,000 employees working in five western states.

Meet Our New Director

Cleco's Darren Olagues Runs Marathon before 40

Darren Olagues of Cleco Corp. was elected to a three-year term on the EIM Board of Directors at the Annual General Meeting in Dallas in May.

Director Darren Olagues—his surname is Portuguese, although his parents and their parents were born in New Orleans—was born in Houma, LA, but grew up in the south Louisiana town of Lockport, a town of 2,000 people in Lafourche Parish.

Darren is one of five siblings. He has three older sisters and one younger brother. His dad worked 35 years in marketing, calling mostly on commercial and industrial customers of Louisiana Power and Light, then a unit of Middle South Utilities, now Entergy, an EIM founding Member headquartered in downtown New Orleans.

In high school, Darren played baseball and football. He graduated in 1988 from Central Lafourche High School and headed that fall to Tulane University in New Orleans. His ambition was to be an accountant. He graduated with a business degree in 1992 and became a CPA in 1993.

One of the more significant things that happened to Darren at Tulane was his meeting a young woman named Maria Mastrangelo, who hailed from Philadelphia. She was a year younger than Darren and a year behind him in school. Maria graduated in 1993 with a bachelor's degree in finance and ultimately earned her CFA designation.

After graduation, Darren went to work for Deloitte & Touche in New Orleans. His primary account was Entergy. The following year, in December, Darren followed Maria home to Philadelphia. He moved to Coopers & Lybrand, which became PricewaterhouseCoopers. Working in the firm's energy practice, one of its primary clients was PECO Energy, now part of Exelon Corporation.

During this time, Darren met EIM director and former EIM president, Barry Mitchell, who years later would encourage Darren to join the EIM Board of Directors. "We stayed in touch through the years after our meeting in 1993 and then our working together for several years. Barry was not just my boss at one time but also a mentor and friend," Darren said.

Several months after the move to Philadelphia, Darren's audit practice took him to Australia for two years. Before leaving, Darren and Maria became engaged. Six months later, they were married, Dec. 13, 1996, in Philadelphia and honeymooned in Hawaii on the way back to Australia.

"We spent our first New Year's Eve as a married couple at the foot of the opera house in Sydney," Darren said, "a great way to start a new life."

When they returned to the states in 1998, the young couple continued to focus on their careers. She was running the investor relations group of a small public company in Philadelphia; he joined Exelon and started commuting to New York City. His office was in mid-town Manhattan, and he was living during the work week in nearby Murray Hill.

"The primary moves of my life—going to Tulane; marrying into and experiencing the strong Italian family culture in Philadelphia; traveling extensively while living in Australia; and my living in New York City—were all eye-opening experiences," Darren said. "Each move caused me to think beyond the bayous of southern Louisiana. Each of those moves fanned the fire and made me want to go and see more. But I knew one day I'd return to Louisiana."

In addition to Australia and New Zealand, Darren and Maria have traveled extensively through Europe and South America.

The Olagues' first child, a daughter named Josephina, was born in Philadelphia on Nov. 11, 2004; the second, a son, Luca, joined the family, by then living in Alexandria, LA, on Dec. 21, 2007. Their third child is expected Feb. 3, 2011.

It was a mutual friend that told Darren about the job opportunity at Cleco. By then, with a growing family, Darren and Maria decided that life in central Louisiana would be good.

Darren J. Olagues is senior vice president and chief financial officer of Cleco Corp. He has been in that position since May 2009. He joined the company in July 2007 as senior vice president of Cleco Midstream Resources LLC, the company's competitive wholesale generation business.

Before joining Cleco, Darren was vice president of asset management and development for Exelon Corporation, Philadelphia. Prior to that, he served as Exelon's director of corporate development and as senior vice president and CFO of Sithe Energies, New York City, an affiliate of Exelon. Darren was with Exelon from April 1999 until his move to Cleco.

From July 1998 to March 1999, Darren was vice president, market analysis, Cornerstone Energy Advisors, Cherry Hill, NJ. He was senior manager—audit, PricewaterhouseCoopers, Philadelphia, from January 1994 to June 1998. He began his career at Deloitte & Touche in New Orleans in June 1992.

Darren's office is in Pineville, population roughly 30,000. They live in Alexandria on the other side of the Red River, a major tributary that flows from northern Texas, through southwestern Oklahoma, into Arkansas and Louisiana before emptying into the Mississippi River. Alexandria is a city of approximately 50,000 people.

Before turning 40, which will be this Nov. 7, Darren wanted to complete a marathon, which he did this past February in New Orleans. His time: 4 hours and 45 minutes. "The first 3 hours weren't bad. It was the last hour and 45 minutes that were the killer," Darren said.

Cleco Corp. is an energy services company based in central Louisiana. It has been in business since 1934. The two primary businesses are Cleco Power LLC, a regulated electric utility that serves approximately 277,000 customers in Louisiana, and Cleco Midstream Resources LLC, a wholesale energy business.

Presently, Cleco Power operates four power plants with 3,803 megawatts of nameplate generating capacity and owns 2,532 megawatts of capacity. Through Cleco Midstream Resources, the company operates one wholesale power plant with 775 megawatts of nameplate generating capacity.

Cleco uses a mixture of western coal, petroleum coke (petcoke), lignite, oil, and natural gas to produce electricity.

BALANCE SHEETS
(unaudited and expressed in thousands of U.S. dollars)

	6/30/10	12/31/09
ASSETS:		
Investments	$ 1,059,138	$ 1,071,587
Cash and cash equivalents	39,294	50,771
Reinsurance paid in advance	38,083	49,161
Insurance balances receivable	4,348	905
Reinsurance recoverable on unpaid losses and IBNR	348,712	356,218
Other assets	3,443	3,128
TOTAL ASSETS	$ 1,493,018	$ 1,531,770
LIABILITIES AND POLICYHOLDERS' SURPLUS		
LIABILITIES:		
Reserves for losses and loss adjustment expenses	$ 724,850	$ 725,778
Unearned premiums	82,213	102,735
Reinsurance balances payable	13,748	11,259
Deferred income tax	1,815	9,585
Accrued expenses	2,267	2,085
Income taxes payable	10,258	28,539
TOTAL LIABILTIES	835,151	879,981
POLICYHOLDERS' SURPLUS:		
Members' account balance	598,346	568,449
Accumulated other comprehensive income, net	59,521	83,340
Total policyholders' surplus	657,867	651,789
TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS	$ 1,493,018	$ 1,531,770

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(unaudited and expressed in thousands of U.S. dollars)

	6/30/10	6/30/09
REVENUES		
Net premiums earned	$ 45,107	$ 47,522
Other underwriting income	1,318	1,252
Revenues from underwriting	46,425	48,774
Investment income	23,062	16,749
Total revenues	69,487	65,523
EXPENSES		
Net losses and loss adjustment expenses	18,730	31,347
Policy acquisition costs	980	1,093
Administrative expenses	6,970	5,552
Total expenses	26,680	37,992
Income before policyholders' distribution	42,807	27,531
Policyholders' distribution	-	-
Income before income taxes	42,807	27,531
Federal income tax expense	12,910	6,547
NET INCOME	29,897	20,984
OTHER COMPREHENSIVE INCOME		
Change in unrealized gain/(loss) on securities, net	(23,819)	17,929
Comprehensive Income	$ 6,078	$ 38,913

Oncor and QEP Resources Join EIM

Energy Insurance Mutual has two new Members: Oncor Electric Delivery Holdings Company, Dallas, and QEP Resources, Inc., Denver.

Four Members: Ameren Corporation, Anadarko Petroleum, British Columbia Transmission Corporation, and Enterprise Products Partners did not renew their EIM policies. BCTC went back under the policy of British Columbia Hydro and Power Authority, an EIM Member since 2002.

Membership is now at 166.

Oncor

Oncor (formerly TXU Electric Delivery) is a regulated electric transmission and distribution business that operates the largest T&D system in Texas, delivering power to approximately three million homes and businesses and operating approximately 117,000 miles of transmission and distribution lines. While Oncor is owned by a limited number of investors (including majority owner, Energy Future Holdings Corp.), Oncor is managed by a board of directors that is comprised of a majority of independent directors.

Oncor also can be described as the nation's sixth largest transmission and distribution company, operating in a high-growth service area. Additionally, Oncor supplies electricity to approximately seven million consumers, about one third of Texas' population; and operates in a service area in east, west, and north central Texas with 401 incorporated municipalities and 91 counties, including the Dallas-Fort Worth area and surrounding cities of Odessa, Midland, Killeen, Waco, Wichita Falls, and Tyler; and operates in the U.S.'s highest-growth region in electric demand, according to the North American Electric Reliability Council (NERC), with an underlying annual growth rate of 2.5 percent.

QEP Resources

QEP Resources, formerly Questar Market Resources, Salt Lake City, is a spin-off company that came into being July 1, 2010, and began trading on that date on the New York Stock Exchange.

Describing itself as a leading independent natural gas and oil exploration and production company, QEP's operations are focused in the Rocky Mountain and Midcontinent regions of the United States. There are three subsidiary companies:

QEP Energy Company (formerly Questar Exploration and Production) is a diversified natural gas and oil exploration, development, and production company;

QEP Field Services Company (formerly Questar Gas Management) is a midstream field services company that gathers and processes natural gas in the Rocky Mountain region and northwest Louisiana; and

QEP Marketing Company (formerly Questar Energy Trading) markets natural gas and oil on behalf of QEP Energy Company and others and operates a natural gas storage facility in western Wyoming.

EIM Member, CenturyTel, Inc., became **CenturyLink, Inc.**, as of May 20, 2010. CenturyLink is a leading provider of high-quality broadband, entertainment, and voice services over its advanced communications networks to consumers and businesses in 33 states. CenturyLink, headquartered in Monroe, LA., is an S&P 500 company.

Long-time EIM Member, FPL Group, became **NextEra Energy, Inc.**, as of May 21, 2010. The company describes itself as the largest renewable energy provider of wind and solar power in North America. Approximately 95 percent of NextEra Energy's generation comes from clean or renewable sources.

Energy Insurance Mutual
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Tampa, FL 33607-8418

Nominations Now Due for First David L. Hadler Risk Management Award

Nominations are now being received for the inaugural David L. Hadler Risk Management Award. The nomination period is open through November 1.

By now, all EIM Member Representatives, Risk Manager Representatives, and Member Brokers should have received a nomination form. The forms may be submitted to Jill Dominguez, jdominguez@eimltd.com. Jill is coordinating the nominating process with a committee consisting of the Board, EIM senior managers, and the Insurance Advisory Committee.


David Hadler

The selection committee will make a recommendation to the EIM Board of Directors in January, and the first recipient of the award will be recognized at the 2011 Risk Managers Information Meeting.

This year, at the Risk Managers Information Meeting, EIM announced the creation of the David L. Hadler Risk Management Award to be presented annually to a Member Company risk manager who embodies the professionalism, commitment to excellence, and longstanding dedication to risk management that were the hallmarks of David's career.

Each year's recipient will receive a commemorative award and will direct a $5,000 donation made by EIM in David's name to the risk management or energy-related program at the college or university of the recipient's choice. EIM also will maintain a plaque at its offices in Tampa that list the names of all recipients, alongside a portrait of David.

Any questions concerning the nomination process may be directed to Jill.

20th Anniversary

India Diaz Joined EIM in October 1990

India Diaz, manager, information systems, will have been an employee of EIM 20 years on October 15 of this year. She graduated from the University of South Florida, with a bachelor's degree in information systems, and received an MPA from Troy State. At 20 years, India is the EIM employee with the longest tenure.

Tommy Bolton has this to say:
"Since I came to EIM, it was evident right away that India is a very conscientious and a hard-working individual who takes a lot of pride in her work. It was obvious to me after only a short time, that she has been dedicated to the success of EIM, not only at the IT level, but in supporting the organization as a whole in her 20 years of tenure. I look forward to working with her more in the future."

EIM's *Members Report* is published 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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