

# Members Report

## Ed Holland Elected EIM Chairman; Ben Fowke To Serve as Vice Chairman

**A**t the May Board meeting, the EIM directors elected Ed Holland of Southern Company, Atlanta, chairman of the board and Ben Fowke of Xcel Energy, Minneapolis, vice chairman of the board. Each is a one-year term.

Ed follows Director Jim Hatfield of Pinnacle West, Phoenix, who served three one-year terms as chairman. For the past two years, Ed served as vice chairman.

*At the Board dinner, May 7, at Reynolds Plantation, Jim Hatfield's service as EIM chairman for three years was recognized with a presentation in which those years were described as "a time marked by unexpected and dramatic corporate changes, all calling for exceptional leadership." Jim was presented a Carrera Calibre 5 Automatic Watch. He collects fine watches.*

The other EIM officers are: Scott Goodell, president and chief executive officer; Tommy Bolton, vice president, chief financial officer, and corporate secretary; Jill Dominguez, vice president-chief underwriting officer; Robert Schmid, vice president-subsidiary operations; Tanyka Erb, assistant corporate secretary; and Trevor Carmichael, assistant corporate secretary.

### Ed Holland

Ed Holland, who joined the EIM Board in 2009, is executive vice presi-

*(Continued on page 2)*

## Evans, Reid Elected to Board, Holland Re-elected



Will Evans

Carter Reid

Ed Holland

**W**illard S. (Will) Evans, Jr., of Peoples Gas and North Shore Gas, Chicago, and Carter M. Reid of Dominion Resources, Richmond, VA, were elected at the EIM Annual General Meeting to three-year terms on the Company's Board of Directors. G. Edison (Ed) Holland, Jr., of Southern Company, Atlanta, was re-elected to his second three-year term.

Also at the AGM, the Membership reappointed Johnson Lambert & Co., LLP (JLCo.), Jacksonville, FL, EIM auditors for the next 12 months. JLCo. was first appointed in 2007. The 2012 AGM was held May 8 at Reynolds Plantation, Greensboro, GA.

Will Evans, who is president, Peoples Gas and North Shore Gas, was appointed to the Board in August 2011. Will filled a seat vacated by a director who resigned in 2011. Carter, who is vice president, general counsel, chief compliance officer, and corporate secretary, Dominion Resources Services, has been a director-designee since early this year. She is an addition to the EIM Board. There are now 12 directors.

Ed Holland, who joined the EIM Board January 13, 2009, was elected to his first three-year term at the AGM in April 2009. He also has served as vice chairman of the Board since May 4, 2010.

(Ed Holland Elected EIM Chairman; Ben Fowke To Serve as Vice Chairman continued from page 1)



Ed Holland



Ben Fowke

dent, general counsel, and corporate secretary of Southern Company. He also serves as the company's chief compliance officer.

Prior to assuming his current position at Southern Company in May 2001, Ed was president and chief executive officer of Savannah Electric from July 1997-April 2001. Savannah Electric has since been merged into Southern Company's largest subsidiary, Georgia Power.

Ed joined Southern Company subsidiary Gulf Power, Pensacola, FL, in 1992 as vice president and corporate counsel and served concurrently as Southern Company system compliance officer until 1995. He then was named Gulf Power's vice president of power generation, a position he held along with corporate counsel until 1997.

Before Gulf Power, Ed was a partner in the law firm of Beggs & Lane, Pensacola, where he served as general counsel to Gulf Power.

Ed is a native of Rutherfordton, NC. He has a bachelor's degree in political science from Auburn University, Auburn, AL, and a Jurist Doctor degree from the University of Virginia School of Law, Charlottesville.

**Ben Fowke**

Ben Fowke, who joined the EIM Board in 2010, is chairman, president, and chief executive officer of Xcel Energy. He was elected to the company's top position in August 2011. Previously, Ben was Xcel's president and chief operating officer.

Ben has held a variety of executive positions with Xcel, including vice president and chief financial officer and vice president and CFO of Energy Markets, where he was responsible for the financial operations of the company's commodities trading and marketing business units. Prior to the 2000 mergers of Northern States Power Co. and New Century Energies (NCE) that formed Xcel Energy, Ben was vice president in the NCE retail business unit.

Prior to Excel, Ben served 10 years with FPL Group in Florida where he held various management positions. He also has held positions outside the energy industry, having worked at DWG Corp. and KPMG.

Ben has a bachelor's degree in finance and accounting from Towson University, Towson, MD. He obtained the CPA designation in 1982.

**Board Committees**

(As of May 2012)

**Audit Committee**

- Darren J. Olagues, chairman
- Willard S. Evans, Jr., vice chairman
- Darryl M. Bradford
- Joseph M. Rigby
- Charles W. Shivery

**Claims Committee**

- Marian M. Durkin, chairman
- Darryl M. Bradford, vice chairman
- Willard S. Evans, Jr.
- James R. Hatfield
- Carter M. Reid

**Executive Committee**

- G. Edison Holland, Jr., chairman
- Benjamin G. S. Fowke, III, vice chairman
- Mariam M. Durkin
- Scott K. Goodell
- James R. Hatfield

**Insurance Advisory Committee**

- Randall L. Martin, chairman
- Sandra K. Hart, vice chairman
- Edsel L. Carlson
- Robert W. Dillard
- Julie R. Jackson
- Dean R. Jobko
- Gary Y. Little
- Jerry E. Rhoades
- John J. Vinski
- Mark A. Webster

**Investment Committee**

- Charles W. Shivery, chairman
- Benjamin G. S. Fowke, III, vice chairman
- Darren J. Olagues
- Carter M. Reid
- Joseph M. Rigby

**Nominating Committee**

- Marian M. Durkin, chairman
- Charles W. Shivery, vice chairman

- Darryl M. Bradford
- Scott K. Goodell
- Darren J. Olagues

**Reinsurance Committee**

- Joseph M. Rigby, chairman
- Benjamin G. S. Fowke, III, vice chairman
- Scott K. Goodell
- G. Edison Holland, Jr.
- Carter M. Reid

**Strategic Planning Committee**

- James R. Hatfield, chairman
- Scott K. Goodell, vice chairman
- Marian M. Durkin
- Willard S. Evans, Jr.
- Benjamin G. S. Fowke, III
- Deborah S. Gaffney
- G. Edison Holland, Jr.
- Randall L. Martin

## EIS Elects New Chairman and Vice Chairman; One New Director

**A**t the Energy Insurance Services board meeting, also on May 8, Ed Holland was elected chairman and Ben Fowke, vice chairman.

The other EIS officers remain the same: Scott Goodell, president and chief executive officer; Robert Schmid, vice president and chief operating officer; Tommy Bolton, vice president, chief financial officer and corporate secretary; and Taniyka Erb, assistant corporate secretary.

Ben Fowke has joined the EIS board. The other five directors are Tommy Bolton, Scott Goodell, Jim Hatfield, Ed Holland, and Robert Schmid.

## Randy Martin Steps Up to IAC Chairman; Sandi Hart Elected Vice Chairman

**R**andall L. Martin of American Electric Power became IAC chairman, having served as vice chairman since June 2008, when Debbie Gaffney of Southern Company completed her chairmanship and term on the IAC in April. In February, the IAC elected Sandra K. Hart of Northwest Natural Gas vice chairman, who will follow Randy as chairman.

### Randy Martin

Randy, who is managing director, risk and insurance management department, American Electric Power Services Corp., Columbus, OH, has served on the IAC since January 2007.

During his 12 years with AEP, Randy has had responsibility for a variety of risk and insurance areas, including public liability claims, European risk and insurance, captive oversight, and insurance analysis.

He began his career in insurance with Aetna Life & Casualty in 1979 as a commercial property analyst trainee. Between Aetna and AEP, Randy worked for AIG, Marsh, Borden, Inc., and Willis in a variety of capacities.

Randy earned his bachelor's degree in business administration from the College of Business and Economics at West Virginia University in 1978. In 1997, he received his Chartered Property Casualty Underwriter designation.

A native West Virginian, he is a life-long WVU sports fan. He is married to his high school sweetheart, Tammy. They have three grown children and six grandchildren. Randy and Tammy reside in Reynoldsburg, OH, where they are active in church and community. When time permits,

Randy enjoys fly fishing in the Allegheny Mountains.

### Sandi Hart

Sandi joined the IAC in late 2005, filling a vacancy, and the election was approved by the EIM Board at its May 2006 meeting. Presently, Sandi is director, risk and land, Northwest Natural Gas, also known as NW Natural.

A native of Seattle but a resident of Portland for almost 35 years, Sandi received her bachelor's degree in structural engineering from Portland State University in 1981. In 1995, she received her MBA from the University of Oregon.

Sandi began her career in 1979 at Pacific Power and Light Company, also in Portland, where she was the field project manager of a \$25-million test pilot, flue gas desulphurization system, located in Rock Springs, WY. She left Pacific Power in 1984.

In the year before joining Northwest Natural Gas in 1985, Sandi was a project engineer with a Portland engineering consulting firm, CH2M Hill. She joined Northwest Natural Gas as an engineer, and she developed the company's environmental program and its quality assurance program. In 1997, she moved into her current position.

On the IAC, Sandi currently works on the Environmental and Member Portal task forces.

Sandi and her husband Gary, who retired from Pacific Power and Light in 2008, have two grown children, one granddaughter, and a grandson who is due to be born in July. The Harts enjoy outdoor sports and are frequently riding bicycles, hiking, and downhill skiing.



Randy Martin



Sandi Hart

## The IAC's Edsel Carlson a "Company Man"

**E**dsel Carlson—who joined the Insurance Advisory Committee in January 2011—has worked for TECO Energy, Tampa, for 21 years, but his memories of TECO and its Tampa Electric operating utility go back to when he was a very young boy.



Edsel Carlson

Born in Tampa in 1965 and named Edsel Lindburg Carlson, Jr., the youngest of five children and the only son (there are 14 years between Edsel and his oldest sister), Edsel's dad worked for Gulf Coast Transit, then a subsidiary of Tampa Electric Company. Edsel recalls fondly fishing with his dad from the company's ocean-going tugs and coal barges. At the age of six, Edsel began taking trips each summer across the Gulf of Mexico with his dad, who was delivering coal to Tampa Electric's power plants.

Edsel is a "company man" in a couple of other ways:

- A TECO married couple brought Edsel and his wife Jerri-Beth together. Edsel and the couple were helping another couple move. So was Jerri-Beth Kickliter. That was in September of 1998. They were married November 9, 2002.
- Today, Edsel and Jerri-Beth are a TECO couple.

She works in the procurement department, where she is responsible for purchasing all logoed and promotional items for the company.

Edsel graduated in 1983 from Robinson High School in south Tampa, where he grew up and where he and his family live today. He then enrolled at the University of South Florida, Tampa. He graduated in 1990 with a degree in criminology. While going to school, Edsel worked at Costco. There were three Costco warehouses in the Tampa Bay area at the time.

"I thoroughly enjoyed working at Costco," Edsel said, as he then recalls its "great CEO," a man named Jim Sinegal. "He came into our store one day, and I greeted him as Mr. Sinegal," Edsel said. "He immediately said, 'call me Jim.'" Jim Sinegal believed—and practiced—that management was there to back up workers, not the other way around. Jim Sinegal, one of Costco's founders, retired in 2011.

Anyway, Edsel had always thought he would go to law school after getting his undergraduate degree, but he was enjoying his work at Costco too much—and besides, young recently graduated law-

yers were not finding work easily at the time. Then came the decision to close the warehouses in Tampa. All of the employees were invited to move to other Costco locations. "My choices were Seattle, which is the headquarters; Boise, and a third place that I don't remember. There was just no way I was leaving Tampa."

Edsel continued, "It was 1990, and my dad had just retired from TECO after close to 30 years of service. As a child, I was very proud that my father worked for the power company. TECO's always been known as one of the best places in Tampa to work, so I decided to continue the family tradition. After all, I have utility in my blood."

Then as now, TECO tends to hire from within, so Edsel took the first job that became available, a job in a power plant. After a couple of months, through a bidding process, Edsel became a meter reader. Shortly after that, he found himself a cus-



tomter service representative for a year and a half. He moved to risk management in 1993, beginning as a claims adjuster in general liability. Today, Edsel is manager of the Risk Management Department.

When asked about his IAC experiences thus far, Edsel speaks enthusiastically. "I have already learned so much about the industry. There are just so many good, smart people on EIM's Insurance Advisory Committee," Edsel said. He clearly feels good about being selected.

Then the conversation moves to Jerri-Beth, who is a seventh generation Floridian. "Her ancestor John Branch was the sixth and final territorial governor of Florida," Edsel said. It was 1844, and the Branch administration prepared the state to join the Union. "John Branch was later Secretary of the Navy," Edsel added.

Today, the Carlsons are very much focused on their eight-year-old daughter Hannah, who is in the second grade at MacFarlane Park Magnet School for International Studies, a Hillsborough County school so sought after that students (there are only 350) are chosen through a lottery. Jerri-Beth is on the school's PTA board, which is a very active organization. "We've just had a charity auction that raised \$30,000. We are so blessed to have

Hannah in that school," Edsel said.

It's Hannah's school and other family weekend activities that now keep Edsel out of the backwaters of Tampa Bay. "I love backwater fishing," he said.

As this interview neared its end, two points were made:

In 2001, Edsel earned an MBA from Saint Leo University, a Catholic school in St. Leo, FL, which is 35 miles north of Tampa. It took Edsel two and a half years to get the degree. He was in a TECO-approved weekend program for which the company paid.

Edsel's family is large and mostly lives in Tampa. His mother, a native of Jamaica, is there; his father, who died a couple of years back, was born in Nicaragua; his father's family came there from Sweden. Three of the four sisters and most of their children and grandchildren also call Tampa home. "I'm just a few years older than some of my oldest nieces and nephews," Edsel said. There's also some family in North Carolina and Texas.



*A proud young Edsel with the just-caught dolphin fish, somewhere in the Gulf of Mexico, headed to Louisiana to pick up a load of coal for TECO's power plants.*

## Jack Hadsall of City Utilities Completes IAC Term

Jack R. Hadsall, director of risk management projects, City Utilities of Springfield, Springfield, MO, completed his Insurance Advisory Committee term in April, having served since November 2006.

At the February IAC meeting, Jack extended his thanks and best wishes to committee members, and later commented, "I must say that the professional associations and personal relationships gained with other IAC members and staff were an important part of my career at City Utilities. EIM has been great to work with over the years. The staff has always been professional and a delight to work with. I will miss all of my relationships at EIM."

Debbie Gaffney, then the IAC's chairman, noted Jack's significant contributions to the IAC and his ongoing support of the mutual concept. "Jack could always be counted on to provide practical, thoughtful insights designed to respond to Member Company needs while maintaining the strength and stability of EIM. Jack was always willing to step up and commit his time to IAC task forces and initiatives. He was a champion of the public power community, and the IAC will miss his industry knowledge and experience."

Jack will be formally recognized for his service at the June IAC meeting.



*Jack Hadsall*

*From New IAC Chairman Martin*

## A “Healthy Tension” Reflects an Effective IAC



Randy Martin

**A**t the Company’s Insurance Advisory Committee’s June meeting in Tampa, there will be a new chairman for the first time in four years. He is Randy Martin, previously the committee’s vice chairman, of American Electric Power, who will begin his time of presiding over the meetings. This is a conversation with Randy about some wide-ranging views and expectations:

**As you become chairman of the IAC, what do you anticipate the key issues being for the next year or two?**

*Regarding EIM Membership: Surplus distribution and measured growth of Membership.*

*Regarding Risk Issues: Our industries are facing many issues, some new, some old, that may impact the underwriting of our collective exposures: Horizontal drilling and fracking for the gas- and oil-rich shale fields; aging assets, particularly in gas distribution and transmission pipelines; the developing consequences/results of recent EPA regulations and the effect on the mix of fuels and renewable sources used for power generation; and vulnerability to intrusion of our information management systems.*

**What one accomplishment would you like to**

**see the IAC achieve?**

*The IAC needs to be a reflection of our Member Companies. We need to continue to strive to maintain a strong correlation of representation on the IAC to that of our Member mix of industry—gas, electric, E&P, mid-stream oil and gas, municipal, and private or investor-owned. I believe there has long been an underlying consciousness of this mix as IAC members are elected and complete their terms. But we need to be even more systematic in our selection process to ensure a balanced mix.*

**How does being chairman differ from being an IAC member?**

*There really is no difference as far as having an equal voice and serving as a steward of EIM Risk Manager Representatives. The role of chair does add a few responsibilities, namely: facilitating the quarterly IAC meetings and attending the four EIM Board meetings held throughout the year. The role also includes a seat on the Board’s Strategic Planning Committee.*

**What are the IAC’s primary responsibilities, or even obligations, to EIM Members?**

*First and foremost, our mission is to be representatives of all Members. We do this by providing opportunities to all EIM Risk Manager Representatives to converse or correspond with their IAC representative. Each member of the IAC represents about 15 EIM Members. We are an avenue to take questions, concerns, and issues back to management and to the EIM Board. We meet with management four times a year to provide feedback and discuss findings of our task forces and new developments.*

**In your time on the IAC, how has it changed, or has it?**

*I joined in 2007. Since then, significant changes*

have occurred in leadership and executive management at EIM. During that time, I believe that the IAC became more focused in its communications with Members. The two best examples are the breakfast with IAC members and the Risk Manager Representatives at the annual Risk Managers Information Meeting and a quarterly e-mail from the risk manager's representative that provides a synopsis of the most recent IAC meeting. We have also reached out to the AEGIS RMAC to discuss common risk issues between our mutuals.

**How does one measure the effectiveness of the IAC?**

This is a great question. The IAC annual survey asks a question about the IAC. That is probably based more on perception and perhaps a relationship with one or more of the IAC members. My evaluation comes from a subjective perspective while sitting in our meetings. When a challenging issue is on the table and a healthy tension develops, then I know we are being most effective in our candor with each other and with EIM management. Fortunately, we enjoy a fair amount of healthy tension.

**Does it really make a difference that the IAC operates as a committee of the EIM Board?**

Definitely; yes! The IAC has a voice directly to the Board and having now attended two Board meetings, I can assure you that the Board listens to the risk managers' perspectives.

**In closing, please share any insights or thoughts you may have about the IAC and its role in the corporate life of EIM.**

My fellow committee members are extremely engaged in the issues facing our industries and the risk and economic impacts on our Mutual. The management and staff of EIM are extremely tuned in to our issues and they value the proposition on which EIM was founded. The candor and respect that exists among the IAC members and EIM management is quite evident to me. I believe the committee helps make a difference to each of our Members when they have renewal discussions, exposure issues, or even claims handling.

I can truly say that management gets a good dose of the Members' collective reality from the IAC members four times a year, up close and personal. Likewise, we get a good dose of the issues our Mutual is facing. It grounds both the IAC and

ultimately all Members and EIM management and staff, reinforcing a balance of respect and responsiveness, while maintaining a sustainable risk financing and transfer resource that is essential to our insurance portfolios.

**Two Members Name New EIM Risk Manager Reps**

Two Member Companies—NiSource, Merrillville, IN, and Public Service Enterprise Group, Newark, NJ—have new EIM Risk Manager Representatives.

**David Vajda**

David Vajda, the company's vice president, treasurer, and chief risk officer, is NiSource's new Risk Manager Representative.

A native of Indiana, David received his bachelor's degree from Ball State University, Muncie, IN, in 1977. He had a dual major: accounting and finance. In 1995, he completed the master's of management-executive program at Northwestern University, Evanston, IL.

David joined NiSource in 1996 as controller. In 2000, he was elected vice president, finance and administration. He has been in his current position since 2003.

**Robert Green**

Robert A. Green, insurance and risk manager, PSEG Services, Newark, NJ, is Public Service Enterprise Group's new EIM Risk Manager Representative.

Robert received a bachelor's degree in mathematics from Ursinus College, Collegeville, PA, in 1976; and a master's in business administration from Rutgers Business School, Newark, in 1981.

Robert began his career in June 1981 at PSE&G as a regulatory analyst. In June 1991, he moved to the services company as senior consultant/risk manager. He has been in his present position since April 2012.



Robert Green



## A Conversation with Mike Anderson, the 2012 David Hadler Award Winner

**T**he opening dinner of this year's Risk Managers Information Meeting was highlighted by the presentation of the 2012 David L. Hadler Risk Management Award to Mike Anderson, director, hazard risk management, Xcel Energy, Minneapolis.



Mike Anderson, center, at the Risk Managers Information Meeting in February when he received the 2012 David Hadler Award. With him are Scott Goodell and Jill Dominguez.

At Mike's request, EIM has donated \$5,000, in Mike's name, to the University of Wisconsin Risk Management and Insurance program, and added Mike's name to the Hadler Award plaque that hangs in the EIM boardroom in Tampa.

### Why did you choose the University of Wisconsin's Risk Management and Insurance program to receive the \$5,000 gift?

This is a way of giving back to a program that has given so much to me. After my brief, but distinguished, military career, I decided to go back to school to increase my potential employment options. I already had a math degree, so I was advised to become an actuary (I know David Hadler is probably groaning over this). So, I enrolled at the University of Wisconsin in a master's program in actuarial science.

After a week or so, I realized that I was much more drawn to the risk management area than actuarial science, so I moved into the MBA program with a focus on risk management and insur-

ance. Prior to my graduation in 1973, my advisor suggested I send my resume to a company in Ohio that was looking for an insurance analyst. I did that, was hired, and I've been working in risk management ever since.

### You have a long history of working for industry associations and organizations. What have you gained from those experiences?

I have been fortunate to have been employed in the utility industry for the past 25-plus years. This industry is unique in its willingness to share freely and widely among the many companies that comprise it. And I believe it is particularly essential to do so in the risk management area. The commercial market has a history of walking away from this industry, so we've needed to come together.

I have gained a keen understanding of the concept of mutuality and its importance to our industry in particular. I've also come to understand the options available to a successful mutual: broadened coverage terms, reduced premiums, and policyholder distributions. Obviously, when economic times are difficult, the opposite actions must be taken.

But this industry has gone beyond insurance and has been actively involved in sharing its best practices which ultimately serve to reduce risk. But even more than this, I have gained many long-lasting friendships that mean so much to me.

### With decades of experience in risk management, how have you seen the profession evolve and where do you see it going?

When I first became employed in risk management, our national professional society was called the American Society of Insurance Management (ASIM). Soon after I started in risk management, it became known as the Risk and Insurance Management Society (RIMS). Over the past few years, RIMS has changed dramatically. It now focuses much energy toward the concept of Enterprise Risk Management (ERM), which is



positive. My main concern with RIMS today is that it no longer is an organization of risk managers. It is an organization of brokers, insurers, and other vendors within the risk management space, all trying to sell their services to the risk managers that remain in the fold.

I think that the future of the risk management profession will lie with those who are willing to explore new ways of managing risk. The concept of risk also will be much broader, consistent with the ERM approach. But we will need to remain cognizant of the basic maxims of risk management: a) Don't risk a lot for a little; b) don't risk more than you are willing to lose; and c) understand the odds.

**With more than 25 years of working in the electric utility industry, put on your forecaster's hat and tell us what you see just ahead for the industry.**

I expect to see continued uncertainty in our business until such time as a federal energy policy is established. Today, many utilities are hedging their bets regarding environmental issues. But in general, it is clear to me there will be continued pressure on costs, and a new wave of mergers and acquisitions is likely to be experienced. I think there are still too many companies and that economies of scale would result in lower costs to consumers.

**As an active user of EIS, share an experience or thought that might be helpful to other EIM Member Companies.**

We've been a very active user of EIS since 2000 when a merger created Xcel Energy. At that time, we established a property insurance program, initially taking \$5 million per loss into our Mutual Business Program (MBP). Then one year later, in 2001, we began our primary casualty program, taking the first \$2 million per loss in the MBP. Both of those programs have continued relatively the same to this date. We've also added stand-alone terrorism coverage, a small portion of our D&O program as well as several railroad protective policies.

About a year ago, we began to study the prospects of reinsuring certain employee benefits through an MBP. Although this hasn't yet been completed, we expect to move ahead with several benefit programs before this year is completed.

We also got to experience an IRS audit of EIM/ EIS and our program. This experience clearly had its low point; but in the end, we prevailed and are now very comfortable with the tax view of EIS and our particular MBP.

**Why do you embrace and support the mutual concept?**

It has been said that we can either hang separately or hang together. We've been hanging together for quite some time now and have done so in an extremely successful manner. In my view, this industry presents the attributes of an ideal insurable risk:

It consists of a large number of homogeneous, independent exposure units. Our industry mutuals have survived the challenges of the industry-wide losses of 2002-2004 when we saw the energy market collapse; also, they have survived the threats of EMF, dam collapses, and wild fires. There will be new and emerging risks to confront our industry, but together, through our industry mutual insurers, we will prevail.



### Three EIM Staffers Have Anniversaries



Three EIM employees— from left, Martee Halloran, 20 years; Scott Leiman, 10 years; and Jill Towell, 10 years—will have celebrated anniversaries with the Company between now and the next "Members Report." Martee joined the staff August 1, 1992, and Scott and Jill June 17, 2002.

## Balance Sheets

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

	3/31/12	12/31/11
<b>Assets</b>		
Investments	\$ 1,171,548	\$ 1,138,378
Cash and cash equivalents	60,260	60,350
Reinsurance paid in advance	37,004	42,772
Insurance balances receivable	1,152	4,064
Reinsurance recoverable on unpaid losses and IBNR	374,709	375,158
Other assets	19,840	21,097
Total assets	<u>\$ 1,664,513</u>	<u>\$ 1,641,819</u>
<b>Liabilities and Policyholders' surplus</b>		
Liabilities:		
Reserves for losses and loss adjustment expenses	\$ 687,570	\$ 680,650
Unearned premiums	71,602	106,285
Reinsurance balances payable	25,254	26,330
Deferred income tax	5,816	5,664
Accrued expenses	46,814	30,957
Income taxes payable	1,938	9,300
Total liabilities	<u>838,994</u>	<u>859,186</u>
Policyholders' surplus:		
Members' account balance	695,977	679,952
Accumulated other comprehensive income	129,542	102,681
Total Policyholders' surplus	<u>825,519</u>	<u>782,633</u>
Total liabilities and Policyholders' surplus	<u>\$ 1,664,513</u>	<u>\$ 1,641,819</u>

## Statements of Income and Comprehensive Income

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

	3/31/12	3/31/11
<b>Underwriting income</b>		
Net premiums earned	\$ 25,422	\$ 22,218
Ceding commission	758	613
Total underwriting income	<u>26,180</u>	<u>22,831</u>
<b>Underwriting expenses</b>		
Net losses and loss adjustment expenses	8,760	29,505
Policy acquisition costs	570	489
Administrative expenses	4,272	4,004
Total underwriting expenses	<u>13,602</u>	<u>33,998</u>
Income (loss) from underwriting	12,578	(11,167)
Investment income	<u>11,670</u>	<u>13,420</u>
Income before Policyholders' distribution	24,248	2,253
Policyholders' distributions	-	-
Income before income taxes	24,248	2,253
Income tax (benefit) expense	<u>8,223</u>	<u>(16)</u>
Net income	16,025	2,269
<b>Other comprehensive income</b>		
Change in unrealized gain on securities, net	26,861	8,709
Comprehensive income	<u>\$ 42,886</u>	<u>\$ 10,978</u>

## Three Companies Joined EIM in Late 2011

**L**ate last year, three companies—Kinder Morgan Canada; Public Utility District No. 1 of Douglas County, Washington; and WPX Energy—joined EIM as new Members. The Company ended the year with a total Membership of 163. With the Exelon/Constellation merger in March, Membership is currently 162.

### KMC

In late November, Kinder Morgan Canada, which is headquartered in Calgary, Alberta, joined EIM.

KMC transports approximately 20 percent of all liquid-petroleum products produced in Alberta to markets in western North America through its 2,500-mile network of pipeline systems. A leader in the petroleum transportation industry, KMC received the 2008 Operators Award at the 7<sup>th</sup> International Pipeline Conference held in Calgary.

KMC is one of five business segments of Kinder Morgan Partners. Combined, the Kinder Morgan companies have an enterprise value of approximately \$65 billion.



KMC

### Douglas County PUD

Known as Douglas County PUD, this new EIM Member joined the Company December 15, 2011.

Organized in 1936, Douglas County PUD began operations in 1945. After acquiring the existing electric distribution system in Douglas County, WA, from investor-owned utilities, the PUD constructed about 400 miles of additional power lines to extend service to the rural parts of the county. The power supply initially was the Bonneville Power Administration. Today, nearly all of the power serving Douglas County is generated at the Wells Hydroelectric project.



Douglas County PUD

### WPX

WPX Energy is based in Tulsa, OK, with operations and interests in Colorado, New Mexico, North Dakota, Pennsylvania, Wyoming, Argentina, and Columbia.

WPX, previously known as Williams E&P, is an independent natural gas and oil exploration and production company engaged in the exploitation and development of long-life unconventional properties. The company has built a geographically diverse portfolio of natural gas, oil, and NGL reserves through organic development and strategic acquisitions.

For the five years ended December 31, 2011, WPX had grown production at a compound annual growth rate of 12 percent. Also at the end of 2011, the company's proved reserves were 5,265 Bcfe, 59 percent of which were proved developed reserves.



WPX





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*EIM in the Community*  
**Each Wednesday, an EIM Team Delivers Meals**



*Jill Towell and Tommy Bolton place meals in the hot-bag delivery system.*

**O**n Wednesday, May 2, a two-person team from EIM took approximately two hours from their workday to deliver a dozen Meals on Wheels (MOW). This particular Wednesday, the team was Jill Towell and Tommy Bolton. Each Wednesday, a pair of EIM staffers delivers Meals on Wheels. The Company's first MOW delivery was March 7.

Gary Gresham is chairman of the Company's Team Building Committee; also on the committee are Tommy Bolton, Tanyka Erb, Renee Rasmussen, and Jill Towell. "We were looking for a project in which the staff could give directly to the local community, while allowing a team-building experience," Gary explained. "We found Meals on

Wheels of Tampa. Their mission is: "Nourishing and Enriching the Independent Lives of the Homebound and Seniors."

"The people are so appreciative. In some cases, it's this one meal that is making it possible for these individuals to remain in their own home. Either they live alone, unable to prepare a meal for themselves, or their caregiver works during the day," Gary said.

The team gathers the meals at the designated MOW food drop point at a local church and then delivers the 12 to 13 meals. They are prepared at the local MOW kitchen by staff and volunteers who then deliver to the drop points throughout the city. The meals are kept hot by using MOW's hot-bag delivery system.

The team members vary from week to week. There is a sign-up sheet for a nine-week period, so the 17 Tampa-based staff members sign up based on their availability. Thus far, EIM has had the same recipients since they joined the program.

Staffer Cindy Prosser shared this thought: "It is so fulfilling to help, and we meet so many interesting and grateful people."

Another staffer, Deana Edmonds, added her thoughts: "Participating in Meals on Wheels just makes me feel good because I have brightened someone's day."

Meals on Wheels of Tampa began preparing and delivering meals in 1975 and currently serve approximately 600 hot meals each day of the year.

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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