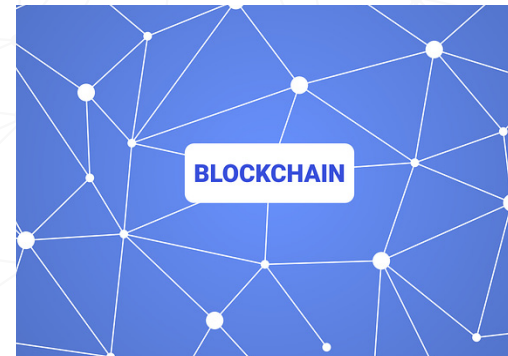




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A long-standing EIM relationship with the industry mutual, Nuclear Electric Insurance Limited (NEIL), began as a business partnership in late 2001. As the marketplace for Property and D&O coverage became more restrictive in 2002, EIM and NEIL saw a significant increase in opportunities to underwrite both lines of business in tandem, providing members with much needed capacity.

Thereafter, the two mutuals have worked side by side. EIM continues to front for NEIL on much needed Property capacity, and NEIL reinsures EIM on the excess GL and D&O lines of business.

Initially, EIM provided \$5M in Property capacity to its Members. The relationship with NEIL has enabled EIM to grow its capacity to \$35M, with an ultimate goal of \$50M. With NEIL maintaining its \$300M offering, the total joint-Member capacity available today, via EIM, is one of the largest net-line offerings available from any single source. Additionally, the EIM/NEIL relationship has enabled EIM to maintain \$50M in Excess D&O capacity for over 15 years.

Mutuality has been a productive two-way street for our organizations. Over the last ten years, the partnership has generated close to \$300 million in premium—keeping this capital within the mutual community and allowing profitable underwriting results to be returned to members via annual distributions. Combined distributions and premium credits have totaled more than \$1B over the last ten years, with EIM and NEIL paying \$143 million and \$985 million, respectively.

### The Partnership Continues to Grow with Cyber Liability Product Introduction

In late 2015, at the request of its Members, NEIL offered its first cyber capacity, with EIM and NEIL again agreeing to an arrangement whereby EIM fronts for NEIL. Initially, the NEIL cyber product started as a \$25M policy per Member, subject to a \$100M program wide annual aggregate, excess of \$50M. Following a reduction of their assumed reinsurance exposures to cyber risk below \$50M in 2017, NEIL is now also able to redeploy a limited amount of this quota share capacity to its Members via EIM. Today, in addition to the fronting arrangement, EIM can take up to \$5M net, making the total joint-Member available capacity equivalent to \$35M.

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The capacity provided by EIM/NEIL is 100% net of commercial reinsurance. It includes a substantial Strategic Analytics suite for our joint-Members, designed to assist them in developing their expertise with this new and evolving exposure.

Additionally, when Members purchase cyber insurance this way, every dollar spent stays within the two mutuals. This means those dollars contribute toward growth of surplus—and the calculations utilized to determine distributions of policyholder's surplus—which Members consistently receive from both companies. These are key differentiators from any other market arrangements currently available.

## Looking Forward

While NEIL remains focused on its core nuclear programs, their recently released three-year business plan also includes a strategic initiative to prudently evaluate the deployment of resources in other ways that directly support their Member needs. At the same time, EIM Members have expressed interest in buying additional capacity, excess of EIM's current \$100 million Excess General Liability offering.

With the support of NEIL's non-core Business Working Group—in which EIM is a regular participant—one joint-Member area of focus will therefore be NEIL's ability to support joint-Member excess liability programs, excess of EIM and via an appropriately structured fronting arrangement. Working together with our Members, this potential additional investment in the mutuals would help optimize the total return opportunity for those Members who choose to utilize this capacity. For close to 18 years, EIM and NEIL have worked seamlessly to deliver stable capacity and long-term value to the Membership as a

whole. At the same time, we've ensured that GL, D&O, Property and Cyber premium dollars expended by Members over that period were retained in their mutuals.

And the collaboration with NEIL has extended beyond EIM. NEIL and Energy Insurance Services, Inc. (EIS) have worked together to fashion risk management alternatives for NEIL Members. In support of EIM's 2018 Risk Manager Information Meeting, Mike Kolodner, Vice President—Underwriting at NEIL, characterized this mutual partnership as follows:

“Our partnership with EIM has consistently and reliably created value for our collective members in a stable, predictable and professional manner. When we think about the collective mutual advantage at NEIL, it's hard for us to identify a more objective example of what success looks like than what we've accomplished via our trusted partnership with EIM.”

In the end, a common vision and commitment to our Membership is at the core of every strategic objective at EIM and NEIL.

For property or cyber-related questions, please contact Scott Leiman ([sleiman@eimltd.com](mailto:sleiman@eimltd.com)) or Bryan Oliff ([boliff@eimltd.com](mailto:boliff@eimltd.com)), respectively. For EIS solutions, please contact Randy Martin ([rmartin@eimltd.com](mailto:rmartin@eimltd.com)).

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*M. Bridget Reidy*  
*Executive Vice President,*  
*Corporate Operations*  
*Exelon Corporation*

Given her extensive history with Exelon and diverse utility and energy experience, Bridget Reidy brings valuable insight to her new role on the EIM Board. In fact, there are few areas in the industry that Bridget's expertise hasn't touched at some point in time.

As the executive vice president of corporate operations, she is responsible for Exelon's information and technology, corporate and information security services, real estate and facilities, the transportation department, as well as

supply operations and sourcing for Atlantic City Electric, BGE, ComEd, Delmarva Power, PECO, Pepco, Constellation, Exelon Generation, and Exelon Business Services Company (BSC).

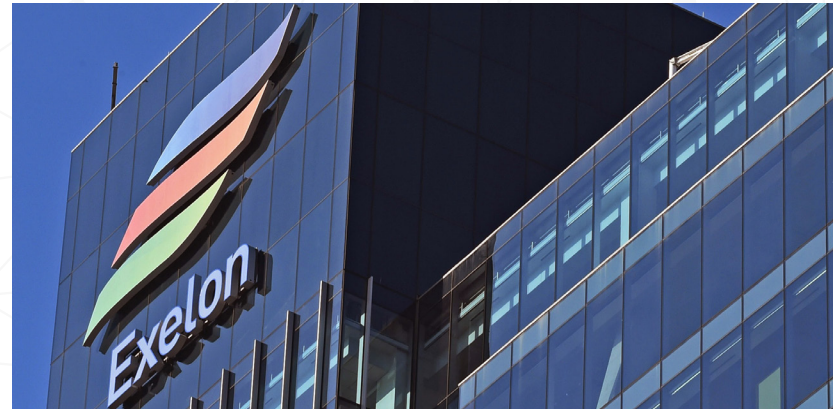
In addition, Bridget has previously served Exelon as chief supply officer, deputy general counsel of client services, and as a senior vice president of customer operations.

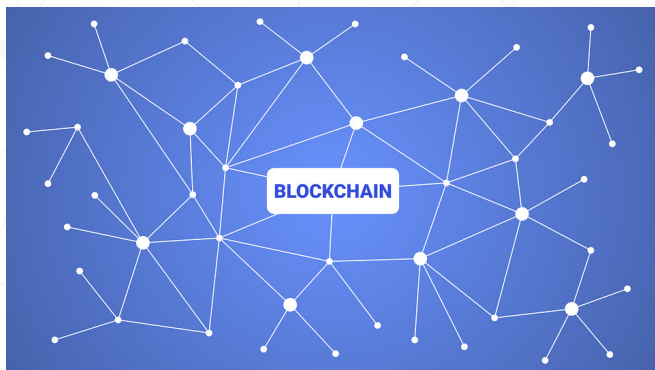
When asked about her involvement on the EIM Board, Bridget points to the industry's need to overcome new and emerging risks. "By utilizing data to effectively and efficiently identify exposures, EIM can offer cost-effective products that meet risk management needs for its Members. EIM's senior management collaboration with individual Members and the Insurance Advisory Committee allows them to successfully understand their Members' risks and underwrite them effectively."

Prior to her involvement in the utility and energy industry, Bridget graduated with a bachelor's degree in political science from the University of Illinois, and a Juris Doctor degree from DePaul University College of Law. Soon after, she joined the commercial law department at Jenner & Block as an attorney. Later, she served as deputy chief of staff to Chicago Mayor Richard M. Daley, and as chief operating officer of the Chicago Housing Authority.

In addition to her service on the EIM Board, Bridget is a founding executive member of the Electric Utility Industry Sustainable Supply Chain Alliance, a PGA Reach Trustee, and member of the Regional Board for the American Ireland Funds. She also serves the board of trustees of the Chicago History Museum.

Please join us in welcoming Bridget to the EIM Board.





We have been hearing a great deal about blockchain, particularly as it relates to Bitcoin and other cryptocurrencies. Blockchain databases have been touted as more secure, while enabling users to eliminate paperwork and speed-up transactions. Originally focused on perceived shortcomings in the traditional banking system, blockchain has the potential to deliver game-changing advances in a broad array of industries, including energy and insurance.

## What is Blockchain?

In its simplest form, blockchain is a distributed database, in which storage devices for the database are not all connected to a common processor. Blockchain maintains a growing list of ordered records, called blocks. Each block has a timestamp and a link to a previous block.

Cryptography ensures that users can only edit the parts of the blockchain that they “own,” by possessing the private keys necessary to write to the file. It also ensures that everyone’s copy of the distributed blockchain is kept in sync.

The blockchain-secured database concept was first introduced in 2008 by Satoshi Nakamoto. It was subsequently implemented in 2009 as part of the digital Bitcoin currency, where it serves as the public ledger for all Bitcoin transactions. By using a blockchain system, Bitcoin became the first digital currency to solve the double-spending problem. Unlike physical coins or tokens, electronic files can be duplicated and spent twice, without the use of an authoritative body or central server. These transactions can also be recorded and processed without the need for a third-party provider—typically a bank.

The blockchain system is secured through the distributed, time-stamping server and peer-to-peer network. This means the resulting database can be managed autonomously in a decentralized way. Since users need a private, cryptographically-created key to access the blocks of data they own, blockchains are an excellent method for recording transactions, maintaining identity management, and proving provenance.

The business benefits of blockchain can be consolidated into three major categories: time savings, cost savings, and tighter security. Blockchain also offers the potential to process transactions considerably faster, validating them in a few seconds, or even instantly. In addition, as a peer-to-peer technology, blockchain removes third parties from transaction processing, thereby potentially lowering costs.

Finally, the decentralized design of blockchain architecture stores data on servers and hard drives around the world, each holding only bits and pieces of data blocks. This provides tighter security from cybercriminals, who might otherwise hold an entire digital currency or other data array “hostage.”

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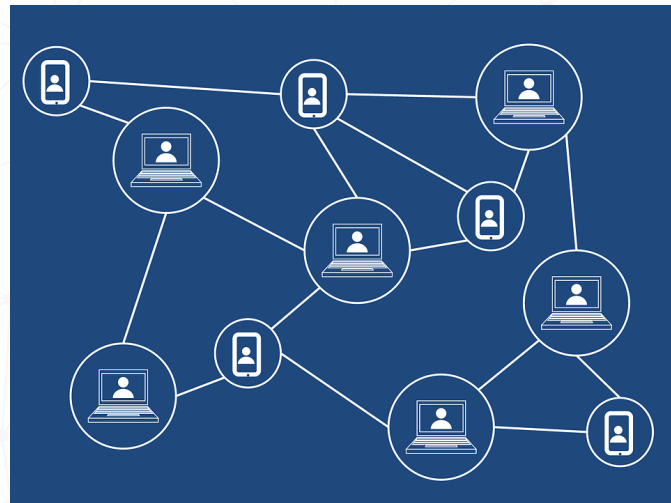
### How Could Blockchain Impact the Energy Industry?

As noted above, blockchain technology fills three important roles: recording transactions, establishing identity, and establishing contracts. This has huge implications. Worldwide, the financial services market is the largest sector of industry by market capitalization. Replacing even a fraction of this sector with a blockchain system would result in a significant disruption of the financial services industry, but also create a massive increase in efficiency.

But it is the third role, establishing contracts, that extends blockchain's usefulness outside the financial services sector. Apart from a unit of value (like a bitcoin), blockchain can be used to store any kind of digital information, including computer code.

That snippet of code could be programmed to execute whenever certain parties enter their keys, thereby agreeing to a contract. The same code could read from external data feeds—stock prices, weather reports, news headlines, or anything that can be parsed by a computer—to create contracts that are automatically filed when certain conditions are met. These are known as “smart contracts,” and the possibilities for their use are practically endless.

Consider an example of a smart thermostat communicating energy usage to a smart grid. When a certain number of wattage hours has been reached, another blockchain automatically transfers value from the customer's account to the electric company, effectively automating the meter reader and the billing process.



Ethereum, the second-largest cryptocurrency behind Bitcoin, currently has 200 organizations—including traditional banks, technology companies and the energy industry—testing a version of its blockchain technology. Meanwhile, BP is evaluating the use of a version of Ethereum's blockchain to aid it with energy futures trading. Faster settlement of these transactions would presumably improve the company's margins.

Many energy experts are convinced that blockchain technology has the potential to touch off a fundamental transformation of modern energy grids. As an example, a growing number of smaller “distributed” power generators and storage systems, like rooftop solar panels and electric vehicle batteries, have been connecting to the grid. Owners of these systems struggle to maximize their value because the current systems are so inefficient.

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In Australia, a blockchain-based platform that allows producers to trade energy, peer-to-peer with consumers, is undergoing testing. If successful, payment to electricity producers, which generally takes 60 to 80 days, could be settled immediately. This would reduce the amount of capital required to start and run a generating business.

In such a system, neighbors could simply trade energy with one another—a far more efficient process than selling electrons back to the grid first. Power Ledger has demonstrated a product that can turn an apartment building into a microgrid, based on a shared system of solar panels and battery storage, for example. Another company, called LO3 Energy, set up a neighborhood microgrid in Brooklyn.

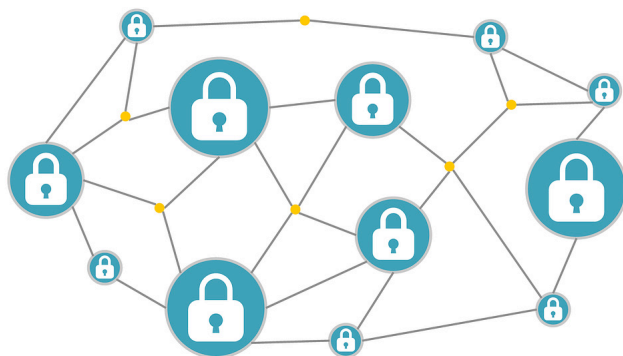
In April of this year, the Energy Web Foundation (EWF) announced new features for the beta version of the Energy Web blockchain, along with expansion of its affiliate network. In addition, it released its first dApp, EW Origin; launched a curated, online community called EW Connect; and took a proof-of-concept look at its D3A simulation environment for blockchain-based, transactive grid operation.

EWF has described its blockchain technology as “purpose-built for the energy sector.” Based on Ethereum, the EWF network will be a test bed for promising use cases. To validate transactions during the test, EWF will rely on 10 major energy companies that have signed on as affiliates.

Much like the historical evolution of battery storage technology, energy-focused blockchain technology is in its infancy. It has the potential, however, to accelerate exponentially in coming years, with dramatic impact.

### **Blockchain and Insurance**

Given its role in the financial services industry, the disruptive potential for blockchain in insurance is perhaps as great, if not greater than the banking community. A recent estimate from PwC forecasted that blockchain can help insurers realize \$5-10 billion in cost savings. Because insurance is data intensive, the ability to collect and store verified and secured data in a distributed manner would eliminate duplicate entry. It would also allow multiple sources of access, without jeopardizing data integrity.



Similarly, using blockchain and smart contracts could enable insurers and insureds to record original contracts in blockchain. Managing claims using blockchain can also minimize duplicate contract and claims data entries, reduce fraud by detecting multiple claims related to the same occurrence, and expedite the claims verification and payment process.

One of the most profound efficiencies offered by blockchain is direct communication between contracting parties. This eliminates the need for third-party intermediation in the placement, billing and claims administration associated with insurance policies.

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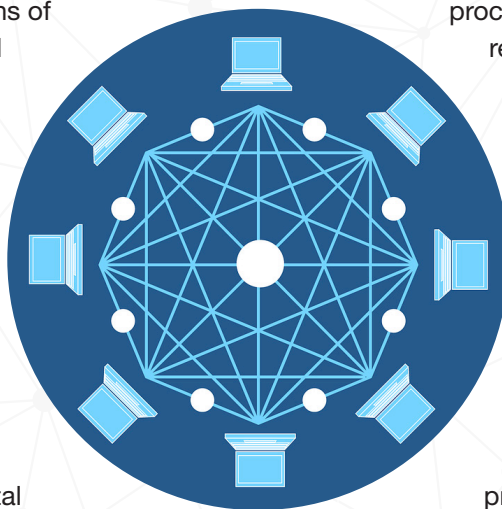


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Although there are mutual processes and sharing of data in the insurance industry, each company in the insurance supply chain implements their own version of the process, storing their unique variant of the data. Sometimes this occurs in a consistent way, supported by data standards. More often, it occurs in an inconsistent way, requiring expensive, error-prone data translation and integration. When you consider primary, excess, reinsurance, and retrocessional layers of insurance—often involving tens of participants—the potential for redundancy, errors and lack of transparency is significant.

With blockchain, mutual processes and data are shared in a transparent, secure and trustworthy fashion. These processes entirely remove the need for traditional integration, data translation, duplication and redundancy.

An example of what can be achieved in the insurance industry is Everledger, a London-based company that has placed data on more than 1.6 million diamonds on a blockchain. Entries on the digital record include dozens of attributes for each diamond, including the color, carat and certificate number, which can be inscribed by laser on the crown or girdle of the stone. This technology has enabled diamond suppliers, and intermediaries like border agents, to replace a paper certification process with a blockchain ledger. As a result, participants along the supply chain (including producers, brokers, wholesalers, retailers, and owners) can determine the provenance of any diamond.



A similar process can be established for insurance. In fact, in late 2016, a group of industry leaders formed the Blockchain Insurance Industry Initiative (“B3i”)—since spun out as an independent company—to explore the potential of distributed ledger technology. The goal is to provide insight into how the process can be used in the insurance market. Specifically, B3i is focused on understanding the impact of blockchain on retail insurance, and how the industry can use the process. The goal is to simplify claims administration and remove frictional costs associated with underwriting and claims handling, thereby reducing operational expenses. On the wholesale side, blockchain, combined with the Internet of Things and smart contracts, presents many opportunities to create entirely new products and underwriting processes.

Singapore digital insurance broker, PolicyPal, and online insurer, FWD, recently announced they are partnering to bring blockchain to insurance. The partners believe that, with easier access to information, insurers can reduce delays when dealing with underwriting processes and claims; assess risks more accurately, even with different sources of information; and can reduce overall costs of operations.

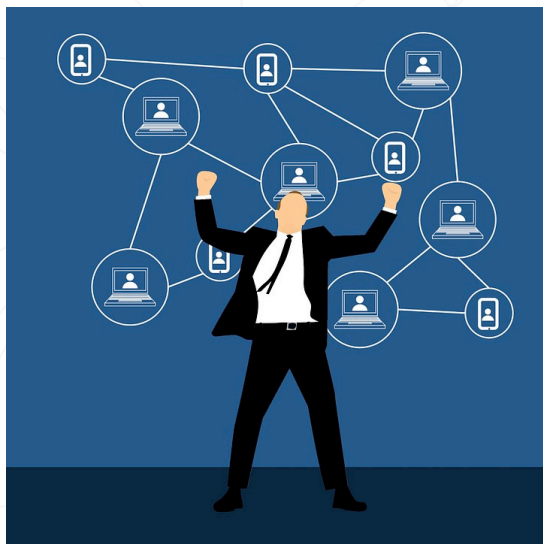
## What are the Hurdles Facing Blockchain?

Despite the vast potential of blockchain technology, there are still significant hurdles to wide-spread adoption of this platform. First, although several blockchain developers are claiming near instantaneous processing transaction times, the reality is that the complexity of

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blockchain technology requires time and resources to process. The TPS (transactions per second) rate of several high-profile blockchain networks, such as Bitcoin (7 TPS), Ethereum (20 TPS), and IBM blockchain (1,000 TPS), lags far behind established transaction processing giants such as Visa (56,000 TPS) and SWIFT (50,000 TPS).

Today, it is not unheard of for Bitcoin transactions to take hours to be confirmed. As interest in blockchain technology continues to grow, scalability issues will likely be resolved with advances in engineering and processing speeds. For now, it remains a significant problem.

Additionally, the way blockchain is currently used comes at an environmental cost. The complex encryption algorithms and distributed network consensus required to secure Bitcoin, the most widely known

and used blockchain, require a large amount of computing power. By most accounts, Bitcoin consumes more energy annually than the country of Denmark. While smaller blockchains deployed by individual companies would only consume a fraction of this energy, the environmental impact of blockchain has been a highly debated topic—one that should not be overlooked.

Another obvious hurdle is the adoption of the technology by the financial industry. One of blockchain's core concepts, peer-to-peer processing, seems to negate the need for a "middle man" to process financial transactions. However, the average consumer will likely be uncomfortable tracking and maintaining a ledger of all their financial activity, instead preferring a continued reliance on their bank to record and maintain records of those transactions.

To deploy blockchain, financial institutions would essentially have to abandon their current networks and start anew. Therefore, trying to integrate the current payment networks with blockchain could prove exceptionally challenging.

Last, differentiation of blockchain networks is also a concern. Right now, there are close to 1,400 cryptocurrencies, many with their own versions of blockchain technology. It's unclear which will rise to the front of the pack, or which ones businesses will prefer. What's in favor now could quickly become yesterday's news.

Despite the many hurdles still to be cleared, blockchain offers an intriguing opportunity to transform both the energy and insurance industries. As such, it warrants ongoing monitoring and careful consideration as the technology continues to evolve.

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*Joan Bryant, Information Technology Manager,*  
*at [jbryant@eimltd.com](mailto:jbryant@eimltd.com)*

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Energy Insurance Services, Inc. (EIS) has come a long way since its founding in 1992. After beginning operations in Bermuda, and then moving to South Carolina in 2006, EIS has focused on providing value-added risk management solutions for Energy Insurance Mutual Limited Member Companies.

Decades of hard work were recognized at the March 2018 annual Captive Insurance Companies Association (CICA) International Conference in Scottsdale, Arizona, when EIS received the CICA 2018 Outstanding Captive Award.

The Outstanding Captive Award is presented to a captive insurance company or risk retention group that has:

- Shown creative uses for a captive
- Been successful in managing the captive in terms of net results and usefulness to its owners
- Prevailed over difficult times or situations
- Gained acceptance, recognition and a positive reputation among rating agencies, regulators and colleagues in the captive industry

EIS was created 26 years ago to provide EIM Member Companies with access to captive solutions that address a broad range of risk management challenges. Today, the EIS cell captive has become an essential risk mitigation tool for member companies.

EIS provides a cost-effective vehicle that enables companies to tailor specific risk management solutions to complement their overall corporate insurance programs—whether it is managing self-insured retentions, carving out hard-to-place or cost-prohibitive coverages, or simply better administering specific risks associated with company operations.

Having created more than 30 mutual business programs (MBPs) since it



Tommy Bolton,  
EIS Vice President

was formed, EIS oversees 15 MBPs, with lines of insurance ranging from workers compensation, general liability, property and employee benefits, to terrorism, wildfire and cyber liability. EIS MBPs now have cumulative cell assets of \$1.4 billion, aggregate written premium of more than \$200 million, and collective surplus in excess of \$140 million. This makes EIS one of the largest sponsored captive insurance companies in the state of South Carolina.

Tommy Bolton, EIS Chief Financial Officer, notes, “Receiving this prestigious award is confirmation that the concept of innovative, flexible, and prescribed solutions, such as those provided by captive insurance, must form an essential part of any company’s insurance and risk mitigation strategy. CICA has long been a leader in identifying and sharing groundbreaking concepts designed to effectively and efficiently manage risk. EIS and its members are pleased to be recognized by CICA and hope to continue the tradition highlighted in the 2018 CICA conference theme. We truly are embracing and meeting the ‘Challenge of Change.’”

Randy Martin, EIS Vice President and COO, points out, “The honor of being named the CICA 2018 Outstanding Captive is a tribute to the participating utility and energy companies that have entrusted EIS and ECM as their choice for alternative risk financing solutions and management of their EIS protected cells. It is the EIS Participants who bring the dynamic creativity to this facility, to solve their unique risk issues. We, EIS and ECM, feel privileged to serve our utility and energy industry members.”

Congratulations to EIS and everyone who contributed to the company’s success!

For more information, contact:  
Randall L. Martin, EIS Vice President and Chief  
Operating Officer, at [rmartin@eimltd.com](mailto:rmartin@eimltd.com)





*Lynwood D. Wade*  
*Manager, Corporate Risk*  
*Dominion Energy Services, Inc.*

Please join us in welcoming our newest IAC Committee Member, L.D. Wade, Manager-Corporate Risk for Dominion Energy. L.D. joined the Customer Accounting Department of Dominion in 1981, and has since served many roles in various accounting areas—including Regulation and Nuclear Finance—before joining the Corporate Risk Department in January of 2002.

L.D. and his team are currently responsible for the placement and administration of D&O, Liability and Property insurance programs, as well as the handling of surety bonds and contract review. Dominion's Corporate Risk Department has been heavily involved in many recent large construction projects, and is also responsible for the risk-related oversight in due diligence efforts of all commercial transactions.

L.D.'s educational background includes an MBA from Averett University, and a BA in Economics from Randolph-Macon College in Ashland, Virginia. When asked about his recent IAC membership, L.D. says, "Dominion has been involved in EIM since inception. I am honored and excited to continue to participate in and support our mutual." L.D. is looking forward to

meeting EIM membership, listening to their concerns and sharing ideas that will support the developing needs of our industry.

In his spare time, L.D. enjoys spending time outdoors, working in the yard and in his woodworking shop, or visiting local wineries. He and his wife Wendy, who also works for Dominion Energy, are the parents of two adult children. They are currently planning their daughter's November 2018 wedding.





### A.M. Best Upgrades EIM Credit Rating Outlook to Positive



In May 2018, A.M. Best revised the outlook from stable to positive for EIM's Long-Term Issuer Credit Rating (Long-Term ICR) and affirmed the Long-Term ICR of "a." Additionally, A.M. Best affirmed EIM's Financial Strength Rating (FSR) of A (Excellent) with a stable outlook. As part of the rating upgrade, Best highlighted EIM's balance sheet strength, categorized by A.M. Best as "strongest," along with the company's operating performance, business profile and enterprise risk management process.

The Long-Term ICR outlook reflects the positive overall favorable operating performance which, according to Best, "continue[s] to enhance EIM's already solid balance sheet strength...." Best also noted that, "These positive rating factors are derived from EIM's specialized expertise in providing insurance and risk management information and service to its members from the energy utility sector, as well as its ability to generate business opportunities through its niche market strategy."

Good news for EIM in its ongoing efforts to deliver value to Member Companies.

### EIM Welcomes New Member, STP Nuclear Operating Company



STP Nuclear Operating Company manages the South Texas Project Electric Generating Station, located on a 12,220-acre site between Bay City and Palacios, in Matagorda County. Employing roughly 1,200 full-time personnel, the two-unit facility safely provides clean energy to more than two million Texas homes.

The first of STP's state-of-the-art units began commercial operation in August 1988, and the second in June 1989. This makes them the sixth and fourth youngest, respectively, of the 104 units licensed to operate nationwide.

Decades later, STP's safety and performance record leads the industry. In October, 2016, the facility was selected as one of America's safest companies by EHS Today—an award-winning occupational safety and health magazine. This marked the second time that STP was selected for the honor, having received the same national award in 2010.

Please join EIM in welcoming STP Nuclear Operating Company to our growing list of valued member companies.

### Joan Bryant — 15 Years

Joan Bryant started at EIM in January, 2003, as Special Projects Manager. During her 15 years with the company, Joan has worked in the finance department, as the Corporate Secretary for EIS and EIM, and currently as Information Technology Manager. Her latest role makes her responsible for the overall planning, organizing and execution of all IT application development projects.

Joan's accomplishments include involvement in EPIC (EIM's front-end application) and playing an instrumental role in the re-domestication of our EIS subsidiary from Bermuda to South Carolina. According to Joan, "EIM is constantly growing and evolving, especially from an IT perspective. As a result, there are many opportunities to make a difference in the company's day-to-day and long-term strategic operations."

Before joining EIM, Joan spent 18 years working in the mortgage industry for North American Mortgage and Chase Manhattan Mortgage as V.P. and Assistant Controller.



### Taniyka Ragland — 10 Years

Taniyka Ragland's decade with EIM began in January, 2008, in the role of Executive Assistant. Prior to that, she held the position of Executive Assistant to the President of Jim Walter Homes.

Today, Taniyka serves as Assistant Corporate Secretary to EIM, EIS and ECM. Her day-to-day responsibilities encompass acting as liaison to the Board of Directors, as well as handling communications with the membership, meeting planner and accounts payable. This means that Taniyka has transitioned from supporting the senior staff only, to supporting the entire board, as well.

What Taniyka enjoys most about her job is its diversity. She notes that she is particularly proud of maintaining the stellar reputation of EIM, and looks forward to the company's continued success.



## Balance Sheets

(Expressed in Thousands of U.S. Dollars)

	03/31/2018	12/31/2017
<b>Assets</b>		
Investments	\$ 1,620,428	\$ 1,681,929
Cash and cash equivalents	9,770	8,016
Reinsurance recoverables on losses	227,699	228,673
Prepaid reinsurance premiums	31,601	40,352
Premiums receivable	4,679	9,106
Income taxes recoverable	14,279	16,690
Other assets	(5,388)	(1,326)
<b>Total assets</b>	<b>\$ 1,903,068</b>	<b>\$ 1,983,440</b>
<b>Liabilities and policyholders' surplus</b>		
Reserves for losses and loss adjustment expenses	\$ 559,252	\$ 563,971
Unearned premiums	83,621	126,979
Reinsurance premiums payable and funds held	2,789	8,488
Net deferred tax liability	56,828	61,383
Policyholder distributions payable	-	40,000
Borrowings on line of credit	15,000	-
Accounts payable and accrued expenses	11,540	13,779
<b>Total liabilities</b>	<b>729,030</b>	<b>814,600</b>
Members' account balance	932,036	904,625
Accumulated other comprehensive income	242,002	264,215
<b>Total policyholders' surplus</b>	<b>1,174,038</b>	<b>1,168,840</b>
<b>Total liabilities and policyholders' surplus</b>	<b>\$ 1,903,068</b>	<b>\$ 1,983,440</b>

## Statements of Income and Comprehensive Income

(Expressed in Thousands of U.S. Dollars)

	03/31/2018	03/31/2017
<b>Underwriting revenue</b>		
Net premiums earned	\$ 38,296	\$ 34,477
Other underwriting income	559	609
<b>Total underwriting income</b>	<b>38,855</b>	<b>35,086</b>
<b>Underwriting expenses</b>		
Net losses and loss adjustment expenses	18,927	10,704
Policy acquisition costs	463	502
Administrative expenses	3,362	3,437
<b>Total underwriting expense</b>	<b>22,752</b>	<b>14,643</b>
Income from underwriting	16,103	20,443
Investment income	17,482	23,272
Income before policyholders' distribution and income taxes	33,585	43,715
Policyholder distribution	-	-
Income before income taxes	33,585	43,715
Income tax expense	6,174	13,633
<b>Net income</b>	<b>27,411</b>	<b>30,082</b>
Other comprehensive income	(22,213)	9,800
<b>Comprehensive income</b>	<b>\$ 5,198</b>	<b>\$ 39,882</b>

EIM's Members Report is electronically published four times per year. Comments, questions, and suggested subjects from Members are sincerely welcomed.

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