

# MEMBERS REPORT OCTOBER 2022



**Celebrating  
25 Years**



**Randy Murdaugh  
Joins IAC**



**ECM  
Tailored Solutions**



**New Member**



**Q2 2022  
Financials**



**Experiencing  
Hurricane Ian**



**IAC Update**



**Welcome New Employees**



# PREPARING FOR THE WORST, HOPING FOR THE BEST EXPERIENCING HURRICANE IAN



A century ago, the Tampa Bay hurricane of 1921 (also known as the 1921 Tarpon Springs hurricane) was the last hurricane to make landfall in the Tampa Bay area, packing 120-mile-per-hour winds, carrying a storm surge of 11 feet, and claiming the lives of eight. With a potential repeat of the proverbial “1-in-

a-100-year” event, EIM monitored Hurricane Ian’s movement through the Caribbean and across Cuba into the Gulf of Mexico. Intensifying to a Category 4 hurricane on September 28, Ian headed toward the west coast of Florida with expected landfall in the Tampa Bay area. We prepared for the worst and hoped for the best.

EIM began contingency planning for a hurricane landfall in Tampa Bay many years ago. While Tampa has avoided a direct hit from a hurricane for more than a century, the hurricane-prone state of Florida has seen significant hurricane activity over that time. EIM’s business continuity and disaster recovery plans have been in place for decades and updated on a regular basis. As Hurricane Ian continued to track toward Tampa Bay, the region issued mandatory evacuations for certain low-lying areas that included the EIM office, closed schools and businesses, and prepared for a potential storm surge of up to 10 feet. EIM, in turn, implemented its emergency planning procedures designed to ensure continued operations and services to member companies.

Shortly before September 28, Ian veered east and made landfall 75-miles south of Tampa Bay, near Fort Myers and Naples, with maximum sustained winds of 150 mph. While dislocated from our office and some of our homes due to mandatory evacuation orders, EIM continued to operate throughout the hurricane with no impairment to data, communication systems, or information technology. Most importantly, our staff remained healthy and safe.

Despite the near miss, Tampa Bay residents still got a taste of the Category 4 storm in the form of felled trees, blocked roadways, inoperable traffic signals and, in some areas, flooding. Other Florida communities did not fare as well, however. Extreme rainfall became particularly destructive, with 1-in-1000-year rainfall levels in some places. A storm surge of 12 to 18 feet was reported along the southwestern Florida coast, leaving millions without power and collapsing the causeway to Sanibel Island.

After moving inland across Florida and being downgraded to a tropical storm, Ian moved offshore into the Atlantic and reintensified into a Category 1 hurricane. As Florida digested Ian’s impact, the hurricane tracked toward the coast of South Carolina potentially impacting Energy Insurance Services (EIS) and Energy Captive Management (ECM) whose offices are in the Charleston suburb of Mount Pleasant. On September 30, Ian landed in Georgetown, South Carolina, about 60 miles northeast of Charleston, as a Category 1 hurricane. While flooding from heavy rain triggered road closures around Charleston, the city experienced minimal damage and no deaths. Most importantly, EIS and ECM were unscathed by Ian, which was downgraded to a post-tropical cyclone within hours after landfall.

Like EIM, our subsidiaries were well prepared for what turned out to be a manageable event for the city of Charleston and state of South Carolina. Other than employees’ working from home (which had become second nature during the pandemic), business operations were not impacted and service to members remained uninterrupted. In fact, EIS and ECM are looking forward to hosting the annual PAC Conference scheduled for November 7-11 at Kiawah Island, South Carolina.

We continue to adhere to the adage, “Prepare for the Worst but Hope for the Best.” Florida sustained major damage from Hurricane Ian, but Tampa Bay avoided the brunt of the hurricane’s force. Similarly, our colleagues in Charleston experienced the storm but remained relatively unaffected. EIM has made a donation to the Florida Disaster Fund, the State of Florida’s official private fund established to provide financial assistance to our communities as they respond to and recover from times of emergency or disaster.

To all of those impacted by Hurricane Ian, our thoughts and prayers go out for a swift and robust recovery.



**Tommy Bolton**  
*President and  
Chief Executive Officer*



# INSIGHT, ACTION, COMMITMENT

## INSURANCE ADVISORY COMMITTEE UPDATE

Despite the far-ranging COVID-19 impact on our respective businesses, on our mutual insurers (and insurers in general), and on our member company customers and business partners, the Insurance Advisory Committee (IAC) has remained focused on supporting EIM's strategic goals and operational objectives.

As part of its charter, the IAC acts as a resource for EIM regarding policy coverage terms and conditions, as a repository of energy industry expertise and perspective, and as a liaison between the EIM Board, EIM management team, and EIM member company risk managers. The committee is designed to provide a formal vehicle through which risk managers can provide feedback, opinions, and input on EIM operations.

Consisting of up to 12 risk manager representatives from member companies, the IAC is only as strong as the commitment of its committee members along with the support of the EIM membership as a whole. We are fortunate to have a dedicated group of professionals who give generously of their time and expertise to ensure that EIM's longstanding commitment to member focus remains on track. While the composition of the committee has changed from time to time, the dedication to maintaining a responsive, financially stable mutual insurer has remained constant over the years.

The past two years have been busy for the IAC, with recurring areas of discussion and analysis that have included excess insurance market trends impacting EIM and its members in areas such as communicable disease, pandemic, and wildfire coverages; constrained limits for cyber risk; and anticipated limitations on terms and conditions for carbon-emission related risks. The IAC has worked closely with EIM to balance member company needs for additional limits, flexible insurance structures, and expansion into new lines of business against EIM's maintenance of prudent capital and surplus levels within requirements mandated by regulatory bodies and rating agencies. Communication has been at the forefront of IAC efforts as it works to sustain a regular and meaningful dialogue between EIM and its members.

While continuing to monitor EIM operational performance, including underwriting, claims, and financial position, the IAC has adapted to the changing business, regulatory, and technology environment. It has added new task forces (Environmental, Social, Government), refocused some (Energy Market Evolution) and retired others (Pandemic Reinsurance Act) to focus on relevant, impactful developments that affect the energy industry. The following summaries highlight the major activities of each IAC task force over the last nine months.



### CYBER TASK FORCE

**Task Force Members:** *Tim Underwood (chair), Mike McFarland, Gordon Payne, Frank Stanbrough*

The Cyber task force has been monitoring Lloyd's of London action to exclude liability for cyber losses arising out of acts of war along with any cyber losses arising from state-backed cyberattacks. The expansion of Lloyd's war exclusion began on July 1, 2022, with the state-backed cyberattack exclusion to be effective beginning March 31, 2023.

The task force has also reviewed a Lloyd's report outlining three hypothetical scenarios involving politically motivated cyberattacks intended to cause physical damage and the potential impact on businesses and the insurance industry.

The scenarios included:

1. the sponsoring of non-state ransomware attacks by cybercriminals targeting another nation's critical infrastructure (think WannaCry or HSE ransomware);
2. one nation's offensive cyber-physical sabotage of critical infrastructure (think Stuxnet or Second Natanz attack); and
3. two sophisticated cyber powers engage in an escalation of destructive cyberattacks on critical infrastructure (think Israel vs Iran cyber conflict).

The three hypotheticals highlighted cyber physical attacks triggering physical damage or injury purely by compromising operational technology (OT) and digital control systems, including SCADA. To inflict physical damage or bodily injury, targeted systems featured embedded fuel or energy sources accessed from digital systems, highlighting the importance of cyber security.

The Lloyd's report includes a summary of anticipated claims impact of each scenario across multiple lines of insurance.

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# INSIGHT, ACTION, COMMITMENT

## INSURANCE ADVISORY COMMITTEE UPDATE (CONTINUED)

The task force has also tracked supply chain cyberattacks, which jumped 51% in 2021. Interestingly, a recent survey of 1,400 cybersecurity decision makers revealed that 36% of respondents stated they were more responsible for preventing, detecting, and resolving supply chain attacks than their suppliers, while 53% indicated that their company and its suppliers are equally responsible for supply chain security. Survey participants expected supply chain security, particularly as it relates to suppliers, to be a continuing area of focus.

Insureds can expect to see more meticulous, discerning underwriting in the cyber arena with increasingly restrictive terms, shrinking capacity and rising rates.



### REGULATORY TASK FORCE

**Task Force Members:** *Stephanie Rogers (chair), Edsel Carlson, Arnold Garcia, Tim Underwood*

In addition to updating the committee on the energy industry impact of the recently enacted Build Back Better Act, the task force has reviewed the Pipeline and Hazardous Materials Safety Administration's (PHMSA) final regulations on pipeline safety designed to reduce the frequency of pipeline failures.

New regulatory requirements include:

- expanded corrosion control requirements for gas transmission pipelines;
- completion of interference surveys and remediation of any issues found within 15 months (or longer should the operator encounter delays in permitting);
- establishment of a one-year timeline for repairing any deficiencies identified in the monitoring of cathodic protection and annual test station readings; and
- annual monitoring for harmful gas stream constituents at points where gas with potentially corrosive contaminants enters the pipeline.

Per-and polyfluoroalkyl substances (PFAS) continue to be the subject of regulatory discussions as the Environmental Protection Agency (EPA) considers classifying some forms of PFAS as hazardous and requiring companies to report releases of one pound or more of the compounds

over a 24-hour period. In addition, new EPA drinking water advisories set acceptable PFAS levels near zero. There are plans to propose PFAS regulations to Congress by late 2022.

Appropos of the overriding concern surrounding cyber security, the EPA is drafting proposed new rules to protect water supplies. It is expected that these new rules will require state officials to include cybersecurity concerns in their water inspections which may include guidelines like those promulgated by the Transportation Security Administration.



### EMERGING RISK TASK FORCE

**Task Force Members:** *Arnold Garcia (chair), Gordon Payne, Ron Rispoli, Stephanie Rogers*

The Emerging Risk task force continues to provide oversight on issues such as renewable energy, cost of power, and social inflation.

Although tax incentives and regulatory directives continue to spur renewable energy projects, such undertakings inevitably invite contrary opinions that slow down or stall green energy initiatives. Similarly, regulatory mandates such as performance guarantees can undermine the economic viability of renewable projects.

The push for greener energy has impacted capital budgets as companies balance the need to maintain and, in some instances, upgrade existing infrastructure, while allocating resources to renewable targets. The result is increased power bills for consumers, influenced by additional capital investments as well as growing inflation.

Changing social trends are making it more expensive for insurers and corporations to do business. Although the pandemic reduced the number of lawsuits filed, law firms are predicting upward surges for 2022 and 2023. Third-party funding is also having an impact. According to Swiss Re, more than 65% of securities actions in the UK and EU are backed by litigation funders. The number of nuclear verdicts is also on the rise. A Swiss Re analysis shows that the number of awards over \$5M grew by 54% between 2014 and 2021.

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# INSIGHT, ACTION, COMMITMENT

## INSURANCE ADVISORY COMMITTEE UPDATE (CONTINUED)



### ENVIRONMENTAL, SOCIAL, GOVERNANCE ("ESG") TASK FORCE

**Task Force Members:** Frank Stanbrough (chair), Edsel Carlson,  
Mariya Coleman, Mike McFarland

ESG has garnered greater attention in recent years, especially given the broad range of areas that it touches. As ESG continues to influence the overall risk posture of an organization, it will require the same level of attention and focus as any other risk. Using an enterprise risk management (ERM) approach to address ESG risks as part of the broader risk portfolio allows organizations to engage and empower stakeholders to focus on the appropriate management of ESG risks.

Five steps to integrate and manage ESG risks through an established ERM program include:

- Engage ESG leads early
- Derive ESG risks from ESG strategy
- Determine risk appetite for ESG risks
- Adopt holistic approach to manage ESG risks
- Leverage data to assess ESG risks

Top ESG-related trends include:

- Compensation Committees expanding oversight of broader human capital and DEI-related metrics and progress
- Diverse board composition and disclosure of a broad diversity matrix becoming more prevalent
- Tying executive compensation to ESG is increasingly prevalent
- Global pressures for companies to disclose their ESG strategies



### ENERGY MARKET EVOLUTION TASK FORCE

**Task Force Members:** Ron Rispoli (chair), Edsel Carlson,  
Arnold Garcia, Mariya Coleman

Not surprisingly much of today's energy market evolution focuses on renewable energy generation and storage. As an example, a California company is seeking to develop largely self-sustaining micro utilities by equipping new home communities with solar energy and accompanying storage. New home developers would work with renewable energy

companies to design and implement distributed solar microgrids backed with resilient energy storage.

The U.S. solar market may well triple over the next five years in response to enactment of the largest climate bill in U.S. history. A recently released report projects the U.S. market growing 40% more than prior forecasts through 2027 because of the legislation. However, U.S. solar energy project developers will continue struggling to access equipment supplies for at least the next year, delaying their ability to tap generous new subsidies.

The U.S. solar industry has faced project delays for the last two years due to pandemic-related supply disruptions, the threat of new U.S. tariffs on panel imports from Asia, and a ban on equipment containing a raw material made in China's Xinjiang region over forced-labor allegations.

For 2022, solar installations are expected to be 15.7 GW, the lowest level since 2019. Large projects for utilities, the biggest part of the market, are expected to be 8.1 GW.

Consistent with the enhanced energy storage trend, the US Midcontinent Independent System Operator (MISO) has included electricity storage into its market portfolio for the first time. The regional transmission organization (RTO) and independent system operator (ISO) began including energy storage in the market resource mix for the first time at the start of September 2022.

Parallel efforts are also underway with pumped heat energy. A proposed first-of-its-kind pumped heat energy storage (PHES) demonstration facility capable of 10-150+ hour energy storage technology would be tested for a range of grid-scale applications. A full-size PHES system could be able to store more than 100 MW of power for eight hours to eight days or longer (1,000+ MWh).

Similar advances are underway for today's electric vehicles (EVs) where it can take half an hour or more to get to 90% charge. Next generation batteries charge to over 90% within 10 minutes without damage to the battery. The goal is to get charging time close to what you would experience to fill your tank at the gas pump.

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The task force continues to consider broader issues such as power grid reliability and vulnerability, the trend toward low-carbon generation, and preparedness, both domestically and internationally, for natural gas shortages during winter months.



### NOMINATING TASK FORCE

**Task Force Members:** Edsel Carlson (chair), Mike McFarland, Ron Rispoli, Stephanie Rogers

The Nominating task force, charged with identifying and reviewing potential IAC candidates, has recommended two new members for the committee. The IAC recently welcomed Randy Murdaugh, Risk Manager with Springfield, Missouri's Associated Electric Cooperative, Inc. (AECI), to the Committee and looks forward to having Kathy McElwaine, Corporate Insurance Manager, Risk Management at PJM Interconnection, join the IAC in December this year.

We invite anyone interested in serving on the committee to contact Edsel Carlson (elcarlson@tecoenergy.com), Jill Dominguez (jdominguez@eimltd.com) or any Nominating task force member.

Overall, the IAC continues to do yeoman's work at a time when each committee member's day job is challenging and time consuming. We cannot thank these individuals enough for their dedication and support, as well as the ongoing support the IAC receives from member company risk managers. This collective effort is what sustains EIM as a responsive and valued resource for the energy industry.

Thank you for your continued support!



**Michael McFarland**  
Director, Enterprise Risk Management,  
Great River Energy  
Contact Mike at  
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### IAC COMMITTEE MEMBERS

**MIKE MCFARLAND (CHAIR)**  
Director, Enterprise Risk Management  
Great River Energy

**STEPHANIE ROGERS (VICE CHAIR)**  
Director, Risk & Insurance  
Plains All American Pipeline, L.P.

**EDSEL L. CARLSON, ARM, FRM**  
Risk Manager  
TECO Energy, Inc.

**MARIYA COLEMAN**  
Manager, Risk and Insurance  
Berkshire Hathaway Energy

**ARNOLD GARCIA**  
Manager, Risk Management  
Duke Energy

**RANDY MURDAUGH**  
Risk Manager  
Associated Electric Cooperative, Inc.

**GORDON PAYNE**  
Director, Risk Management  
Fortis, Inc.

**RON RISPOLI**  
Director Risk and Insurance  
Energy Services, Inc.

**FRANK STANBROUGH**  
Director/Risk Management  
Southwest Gas Holdings, Inc.

**TIM UNDERWOOD**  
CMS Energy  
Director Insurance Risk Management



# RANDY MURDAUGH JOINS IAC



**Randy Murdaugh**  
*Risk Manager, Springfield, Missouri's  
Associated Electric Cooperative, Inc.  
(AECI)*

Randy Murdaugh, Risk Manager with Springfield, Missouri's Associated Electric Cooperative, Inc. (AECI) has joined the Insurance Advisory Committee (IAC), effective June, 2022. With AECI responsibilities that include obtaining coverage for a property portfolio comprised of more than \$7 billion in insured values, oversight of excess workers' compensation coverage for more than 800 AECI employees and another 3,400 employees within the Missouri Rural Electric Cooperative (MREC) system, and maintenance of excess liability and D&O coverages for AECI and its three-state MREC service territory, Randy brings a wealth of knowledge and experience to the IAC.

In 2010, Randy guided the formation of a Risk Management Advisory Committee (RMAC), made up of eight distribution managers from around the AECI three-state service territory. The RMAC developed member requirements for involvement in the member-wide AECI-sponsored excess liability program while also serving as liaison across the MREC for quickly disseminating and seeking input on emerging risk issues.

Randy has been the Chief Operating Officer for the Board of Trustees for the Missouri Electric Cooperative Insurance Plan (MECIP) since 2002 where he oversees accounting functions and provides financial and loss reporting, as well as monitoring third-party services that include claims administration,

plan administration, insurance brokering, preferred provider contracts, and services provided by actuaries and financial auditors.

Since 2014, he has served on the board of the Missouri Insurance Guarantee Association, an organization responsible for administering open workers' compensation cases from bankrupt self-insured Missouri companies.

Randy is also a member of the AEGIS Loss Control Task Force.

Randy received his B.S. in Accounting and MBA from Missouri State University and has also received his Associate in Risk Management (ARM) certification.

We welcome Randy to the Insurance Advisory Committee.





**Tobias Burke**  
 Vice President and  
 Chief Accounting  
 Officer  
 Energy Captive  
 Management  
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Energy Captive Management (ECM) continues to see increased member company interest in customized risk management solutions as they face an evolving risk management landscape, new regulatory mandates, and an ongoing hard market for commercial insurance. While continuing to provide administrative, accounting, claims and tax support to mutual business plan (MBP) participants, this demand has prompted ECM to augment resources, particularly with respect to analytical capabilities.

Working together with Energy Insurance Services (EIS), ECM coordinates with members as they examine alternative risk options to streamline or provide greater flexibility in managing their risk portfolio. Over the years, protected cell solutions administered by ECM have included loss portfolio runoff transactions, traditional workers compensation and health care benefits, self-insured member sponsored insurance

programs, and carve-out coverages for hard-to-place or cost-prohibitive risks. More recently, MBPs have been formed to address emerging issues such as wildfire coverage, cyber liability, and state-specific risks for national, regional and multi-state energy providers. The group continues to focus on three key elements: member company collaboration, data analysis, and commitment to technology.

### MEMBER COMPANY COLLABORATION

Whatever the solution sought by members, ECM works collaboratively to collect, organize, and analyze data underlying risk management options. Data assessment includes a feasibility exercise designed to determine the potential economic benefit of alternative risk options and whether these options comport with the member's risk management goals and objectives. In addition to feasibility studies, ECM works with members and EIS to consider regulatory, accounting and tax ramifications associated with these risk management options. This includes working with the South Carolina Department of Insurance (SCDOI), consulting with accountants and actuaries on expected premium and loss projections, and preparing a pro forma profit and loss statements. These preliminary analyses are then overlaid against existing state and federal tax guidelines to determine appropriate tax reporting.

Once in place, ECM works closely with members to provide the requisite administrative support, ensuring the program runs efficiently and effectively.

### DATA ANALYSIS

ECM relies on its close relationships with EIM members to access their energy and insurance data and experience, which is then integrated with ECM and EIS's alternative risk capabilities. Member-based information includes input from the various sources, including insurance and reinsurance consultants, claims professionals, actuaries, and investment specialists. Members, in turn, tap into the ECM knowledge base which includes staff expertise in accounting, regulatory compliance, and insurance marketplace trends for the energy industry and its unique coverage requirements, as well as the ECM/EIS network of insurance professionals that includes tax consultants, auditors, attorneys, and investment managers.



With EIM's addition of Legare Gresham (see *January 2021 Members Report*), ECM has added actuarial capabilities to its mix of service offerings. In tandem with Kim Jenkins, Tameeka Heyward, and me, along with Megan Odgen at EIS, Legare works on feasibility reviews and provides consultative advice to members on actuarial reserving for member cells. For further information about this capability, members are encouraged to contact Megan at [mogden@eimltd.com](mailto:mogden@eimltd.com).

### COMMITMENT TO TECHNOLOGY

Integrating large data sets from multiple sources requires a sophisticated data management process that ensures effective management of information flow. EIM's IT team works with ECM to ensure data security, provide up to date accounting and regulatory reporting, and support EIM's proprietary underwriting software (EPIC) which has been tailored to meet ECM's unique risk assessment needs.

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ECM has a longstanding commitment to technology. In 2016, ECM began migrating to the cloud, with general ledgers, internal applications, and data transitioned to Amazon’s Infrastructure as a service platform. In 2022, EIM launched upgrades to these three components to streamline data offerings to EIS members. First, ECM moved to a cloud-based general ledger package with a more secure data footprint. This move also gave ECM access to enhanced financial reporting and audit process improvements. Next, ECM incorporated claims reporting and claims accounting capabilities from EPIC into its daily operations. This feature streamlines the premium, reinsurance processing, and reporting features previously available to members.

There were several advantages to these upgrades ranging from improved security, increased feature set, reduced cost, and, most importantly, improved operability. The overarching goal of these upgrades has been to increase the ECM team’s focus on member results rather than on the operational and administrative infrastructure of EIS. As always with ECM, full use of EPIC’s capabilities is contingent on member input and feedback to maximize these enhancements.



As members strive to meet their ever-emerging risk management challenges, ECM has focused collaboration, data analysis and technology to help deliver innovative alternative risk solutions.

On the regulatory front, ECM participated in the recent South Carolina Captive Insurance Association (SCCIA) Annual Executive Education Conference. Megan Ogden, EIS vice president and chief operating officer, served as a conference co-presenter on ESG investing. Kim Jenkins, ECM accounting manager and a member of the SCCIA conference committee, played a key role in preparation of the conference curriculum, while Legare Gresham, Treasurer/Corporate Secretary of the SCCIA, contributed to a well-organized, insightful conference. ECM used the conference as an opportunity to network with captive professionals and state regulators, hosting a dinner for EIM members, business partners, and representatives from the SCDOI.

We look forward to seeing members at the 30th EIS annual Program Advisory Committee conference at the Sanctuary at Kiawah Island, SC on November 7-11.

**30<sup>TH</sup> EIS ANNUAL PROGRAM ADVISORY COMMITTEE CONFERENCE**



**NOV 7 - 11, 2022**  
**THE SANCTUARY AT KIAWAH ISLAND, SC**

# WELCOME NEW EMPLOYEES



**EVE BACANSKAS** joined EIM on May 16, 2022 as a Claims Attorney responsible for handling Category 1, 2, and 3 claims, tracking progress on claim resolution, and liaising with third-party vendors and outside counsel regarding claim-related strategy.

Eve moved from Lithuania to the US in 2007, and earned her Bachelor's degree in business from the University of Colorado at Colorado Springs, followed by a Master's of Science in business and legal administration from the University of Denver. Eve then joined a Denver-based law firm as a legal assistant where she started building her litigation management and trial attorney experience.

While holding her day job, Eve attended the University of Denver law school night program and obtained her Juris Doctorate in three and a half years. After being admitted to the Colorado bar (and subsequently the Nebraska bar as well), Eve was asked to join the very same law firm as an associate attorney. Eve focused her nationwide practice on complex corporate matters and insurance defense litigation, often monitoring excess insurance cases and working closely with clients in highly regulated industries.

Eve and her husband John moved from Colorado to the Tampa Bay Area in 2021 to take advantage of more moderate weather, proximity to the Gulf, and access to the many year-round activities offered in and around central Florida. Eve began looking for in-house opportunities where she could capitalize on her legal advocacy skills, as well as put her industry knowledge to further use. She connected with EIM and, after meeting with Ann Joslin and other EIM management, quickly realized that the company represented a great fit for the long-term career opportunity she was seeking. As Eve noted, "I was struck by the number of people who have worked at EIM for more than a decade, some even more than 20 years. That signaled to me that EIM must be a great place to work. And, to date, that has proven absolutely true."

Eve and John are continuing to explore Florida and enjoying the beaches, the great golf courses, and dining options fit for foodies.



**STEPHEN NEWBOLD** joined EIM on May 31, 2022 as a Claims Attorney. His role within the Claims Department includes oversight and resolution of Property, General Liability and D&O claims.

While growing up in Bloomington, Illinois, Stephen and his family were frequent visitors to the Tampa Bay area where they vacationed annually in St. Petersburg. He attended the University of Mississippi in Oxford, MS where he majored in journalism. While in college he was a sports reporter for the school newspaper, the Daily Mississippian, and was also a correspondent for Rivals.com, an internet sports reporting outlet. Although he enjoyed sports journalism, he always harbored an interest in the law and, after his 2007 graduation from Ole Miss, attended St. Thomas University College of Law in Miami, FL.

Stephen excelled at St. Thomas, serving as an articles editor for the St. Thomas Law Review where he reviewed and edited third-party articles submitted to and published twice a year by the law journal. After graduating *cum laude* from St Thomas, he entered private practice in Illinois where he focused on various aspects of insurance defense litigation, including coverage issues relating to the 2010 BP Deepwater Horizon oil spill. Stephen also spent several years as an arbitration specialist assisting insurance carriers in resolving commercial and personal lines coverage disputes.

Married to a physician, Stephen and his wife, Ronika, were contemplating a move from the Midwest and visited St. Petersburg where his wife fell in love with the climate, beaches, and medical community. Shortly thereafter, she took a full-time position with BayCare Health in St. Pete and the rest, as they say, is history. After the move to Florida, Stephen met with Ann Joslin, EIM's Vice President-Claims and other EIM staff, quickly realizing that the challenging work, engaging insurance professionals, and the sense of community were exactly what he was looking for in a long-term position. "I could not be happier to find a company of EIM's caliber with exceptional staff and committed member companies," says Stephen, "I'm looking forward to a long and rewarding career with EIM."

Stephen and Ronika are expecting twins later this year and are excited to raise a family in the Tampa Bay area. Although his interest in sports journalism may have waned, Stephen remains one of the more than 570,000 "co-owners" (shareholders) of the Green Bay Packers and, despite his newly kindled interest in the Tampa Bay Buccaneers, intends to remain a loyal "Cheesehead."

Congratulations and welcome to Stephen and his family!



# WELCOME NEW MEMBER & CONGRATULATIONS JANE MURPHY

## OHIO'S ELECTRIC COOPERATIVES

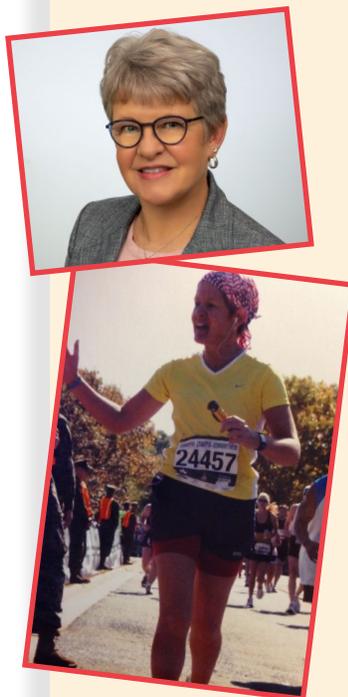
Your Touchstone Energy® Cooperatives 

### BUCKEYE POWER, INC.

Buckeye Power, Inc. (BPI) is Ohio's generation and transmission cooperative, providing power to 24 Ohio-based electric cooperatives and Michigan-based Midwest Energy & Communications. Formed in 1959, Buckeye Power is focused on providing reliable, affordable electricity to member co-ops, who then distribute it to nearly 400,000 homes and businesses in the state of Ohio.

Buckeye Power owns a diverse portfolio of base load and peaking facilities, outfitted with best-in-class environmental controls. BPI is also committed to researching and investing in economically sustainable sources of renewable power. Additionally, Buckeye Power provides engineering services to member cooperatives and assists them with load management, marketing and economic development.

We welcome Buckeye Power to EIM.



### CELEBRATING JANE MURPHY'S 25-YEAR ANNIVERSARY

Everyone at EIM knows that Jane Murphy has always been in it for the long run. Whether it is the pre-dawn five-mile training runs, the many corporate and charitable 10-Ks, or the six marathons — that's right, New York, Chicago, Washington, D.C. (Marine Corp Marathon), Detroit, Arizona Rock N Roll, and Disney (Mickey Mouse) — Jane has always been committed. And nowhere is that more evident than the 25-year anniversary Jane is celebrating in 2022. If a marathon was measured in years rather than miles, Jane would be closing in on her career marathon with just over one year to go. That's not to say Jane is planning to "cross the finish line" when she celebrates year 26. It will simply be one more milestone in a great career.

Jane joined EIM in 1997 as the receptionist and an assistant for Donna Dunlap. Over the years her responsibilities grew to office manager, claims assistant, coordinator of Board and IAC meeting logistics, and event planner. Jane has also headed up the community outreach programs in Tampa that have included charitable endeavors involving Ronald McDonald House, Metropolitan Ministries, Children's Cancer Center, and Charlotte's Walk for Down Syndrome.

In addition to playing a pivotal role in planning and coordinating the annual Risk Manager Information Meeting (RMIM), many know Jane as the "voice of reason," reminding everyone when and where events, dinners, and transportation were taking place each day of the conference. And if you scroll through the many RMIM opening videos you will see Jane, front and center, showing off her Oscar-winning acting chops!

Congratulations to Jane for being a part of EIM for the long run and thanks for the many contributions she has made to EIM's member focus and success over the years.

Here's to many more anniversaries to come.





**Jeff Tkacz**  
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**Christine Hoogsteden**  
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**Jennifer Gray**  
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Energy Insurance Mutual Limited (“EIM”) recorded a loss on surplus of \$113.0 million for the six months ended June 30, 2022 driven by investment market volatility. This is compared to a gain of \$57.4 million for the same period in 2021. EIM recorded income from underwriting of \$21.0 million compared to \$0.5 million in the prior year.

EIM experienced an improvement in its loss ratio, currently 78% for the six months ended June 30, 2022, steadily decreasing over the last three years and more in line with budget.

EIM had an investment loss of \$165.3 million from unrealized market losses for the first six months of 2022 compared to income of \$70.6 million for the same period in 2021. Current year investment results were impacted by unfavorable market performance across most asset sectors.

Highlights from 2022 include:

- Distribution of \$50.0 million paid in March 2022 to members of record at December 31, 2021.
- Policyholders’ Surplus of \$1.1 billion, a decrease of \$113.0 million or 9.1% for the year.
- Combined ratio of 83.7% for the first six months of 2022, as compared to 99.6% for the same period prior year.
- Membership retention of 100% was achieved in the first six months of 2022.

EIM’s return on investments of (8.62%) compared to a benchmark return of (8.93%) for the first six months of 2022. Overall performance is a result of returns on US equities of (17.65%), international equities of (19.37%), and fixed income securities of (7.19%), slightly offset by returns on alternative investment securities of 1.84%, lead by strong returns on real estate holdings.

While the first half 2022 saw a negative 8.6% investment return driven by a drop in equity markets and fixed income securities, EIM remains confident, based on the diversity and allocation of its investment portfolio, that the long-term investment returns are on track and achievable, with five and 10 year averages both above 4.0%.

*continued on next page...*



# Q2 2022 FINANCIALS

As of and For the Period Ending June 30, 2022

## Balance Sheets

(Expressed in Thousands of U.S. Dollars)

	06/30/22	12/31/21
<b>Assets</b>		
Investments	\$ 1,805,773	\$ 2,024,571
Cash and cash equivalents	111,213	67,599
Reinsurance recoverables on losses	482,323	529,275
Prepaid reinsurance premiums	26,861	37,230
Premiums receivable	35,699	14,206
Income tax (payable) recoverable	(174)	9,111
Other assets	2,525	2,460
<b>Total assets</b>	<b>\$ 2,464,220</b>	<b>\$ 2,684,452</b>
<b>Liabilities and policyholders' surplus</b>		
Reserves for losses and loss adjustment expenses	\$ 1,081,313	\$ 1,127,868
Unearned premiums	200,420	169,258
Reinsurance premiums payable and funds held	2,193	1,693
Net deferred tax liability	29,477	70,067
Policyholder distributions payable	-	50,000
Accounts payable and accrued expenses	15,826	17,555
<b>Total liabilities</b>	<b>1,329,229</b>	<b>1,436,441</b>
Policyholders' surplus	1,134,991	1,248,011
<b>Total liabilities and policyholders' surplus</b>	<b>\$ 2,464,220</b>	<b>\$ 2,684,452</b>

## Statements of Income YTD

(Expressed in Thousands of U.S. Dollars)

	06/30/22	06/30/21
<b>Underwriting revenue</b>		
Net premiums earned	\$ 128,998	\$ 108,892
Other underwriting income	268	2,427
<b>Total underwriting revenue</b>	<b>129,266</b>	<b>111,319</b>
<b>Underwriting expenses</b>		
Net losses and loss adjustment expenses	100,367	102,598
Policy acquisition costs	1,382	1,776
Administrative expenses	6,504	6,472
<b>Total underwriting expenses</b>	<b>108,253</b>	<b>110,846</b>
Income from underwriting	21,013	473
Investment (loss) income	(165,338)	70,639
(Loss) income before income taxes	(144,325)	71,112
Income tax (benefit) expense	(31,305)	13,702
<b>Net (loss) income</b>	<b>\$ (113,020)</b>	<b>\$ 57,410</b>



Statements of Changes in Policyholders' Surplus  
 (Expressed in Thousands of U.S. Dollars)

	Policyholders' Surplus
Balance at January 1, 2021	\$ 1,188,718
Net income	59,293
Balance at December 31, 2021	1,248,011
Net loss	(113,020)
Balance at June 30, 2022	<u>\$ 1,134,991</u>

*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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