

# MEMBERS REPORT JANUARY 2023



**Q3 2022  
Financials**



**EIS PAC  
Conference**



**Recapping  
2022**



**IT Internship**



**Anniversaries & Retirement**



**Lisa Hough &  
Kathy McElwaine Join IAC**



**Investment  
Portfolio Update**



**IAC Transition**



# QUITE A YEAR: RECAPPING 2022



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

As Energy Insurance Mutual (EIM) concludes the final year of a successful 2020-2022 three-year strategic plan, supporting the membership with stable, long-term capacity is more important than ever. While there are certainly challenges in the immediate future such as inflation, investment market volatility, political instability, and global unrest, there are and will be many opportunities to evolve with member companies as they transition their respective energy assets and resources.

The past twelve months have been challenging for EIM as the investment market provided negative returns which were offset, in part, by a solid underwriting year. While 2022 financials have not yet been finalized

and audited, from 2020 through December 31, 2022, surplus decreased approximately 1.8% (but grew pre-distribution by 8.4%). EIM's cumulative investment return for the same period was about 2.1% despite an (8.1%) investment loss for 2022. During this timeframe, EIM returned a total of \$100M of capital to members through distributions in 2020 and 2021. Stay tuned for the 2022 distribution announcement at the upcoming risk managers meeting.

Net written premiums are projected to grow 57.2% for the three-year period that ended in December 31, 2022, highlighting a continued focus on improving EIM's net loss ratio through not only increased rate but also significant improvements in overall analytics, claims handling, and technological capabilities. EIM's net loss ratio has improved from 108.7% in 2020 to a projected net loss ratio of 78.4% for the year ended December 31, 2022.

EIM's greatest achievement during the current three-year plan was continuing to provide a stable source of capacity in the form of higher limits as members faced an ongoing hard commercial market and, more importantly, as the energy industry continued to evolve and transition to cleaner forms of energy generation.

Claim experience, both frequency and severity, continues to be an area of focus as well. While claim frequency has increased significantly over the last five years, claim severity has not. EIM's 10-year rolling average severity remains relatively unchanged. Economic and social inflation continue to push overall costs higher, driving more claims into the EIM excess layer. EIM continues to analyze claim data and move the average attachment up for certain members to mitigate the impacts of inflation, both economic and social.

As EIM moves into 2023 and beyond, a new three-year plan will be implemented, and, no doubt, continuously updated to meet the unfolding member companies needs. EIM will embrace technology to capitalize on more detailed analysis of underwriting and claims data which will improve EIM's ability to forecast future performance and, in turn, engage in more informed decision-making. Another primary goal will be a continued commitment to developing and hiring talented and dedicated professionals. Having the right people in place is paramount to the Company's success.



**Amidst the challenges faced in 2022, the following highlights are noteworthy:**

- **Rated 'A' Financial Strength with a Stable Outlook by A.M. Best and rated "a" Long-Term Issuer Credit with a Stable Outlook (affirmed June 2022).**
- **4.1% average annual surplus growth pre-distribution over the last five years**
- **83% of members have been with EIM for five years or more and annual member retention rate has never dropped below 95%**
- **Net underwriting gain of \$47.7 million**
- **Net combined ratio over the last five and ten years has been 104% and 92%, respectively**
- **Aggregate annual distributions paid to date total \$597.6 million**

It is a challenging and exciting time to be in the energy industry. We have met the challenges of the last three years and, going forward, are excited to evolve with our member companies. Opportunities will continue to emerge to assist the members in their risk financing needs as they transition to cleaner energy, and the confidence the membership has in EIM has never been stronger. EIM is well positioned to continue meeting member company needs and is looking forward, now more than ever, to the future.

▶ **We look forward to seeing everyone in Orlando to provide a more detailed update on EIM's progress.**



# EIS PAC CONFERENCE



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Energy Insurance Services (EIS) and Energy Captive Management (ECM) welcomed 75 participants to the annual Program Advisory Committee (PAC) conference in Kiawah Island, South Carolina on November 6-9, 2022. Celebrating the 30th anniversary of EIS, the conference embraced the theme of "Efficient, Innovative, Strong" - all attributes that have characterized EIS over its decades-long history.

In addition to holding individual PAC meetings, EIS and ECM hosted a General Session on November 8 that addressed numerous timely topics summarized below:

## EIS/ECM UPDATE

The EIS/ECM team, consisting of Megan Ogden, VP-Chief Operating Officer, Tobias Burke, VP-Chief Accounting Officer, Kim Jenkins, Accounting Manager, Tameeka Heyward, Senior Accountant, and Legare Gresham, Actuarial and Analytics Leader, highlighted EIS performance over the past 12 months. In addition to 17% growth in annual premium written across all Mutual Business Programs (MBPs), the group noted that management fee credits were continuing as MBPs were prudently expanding their underwriting risk to new lines of business and retaining more risk in individual cells. Collectively, MBPs also saw an increase in statutory surplus. Overall, the MBPs are performing very well and interest in exploring potential alternative risk solutions remains strong.



**Kimberly Jenkins Tameeka Heyward Legare Gresham**

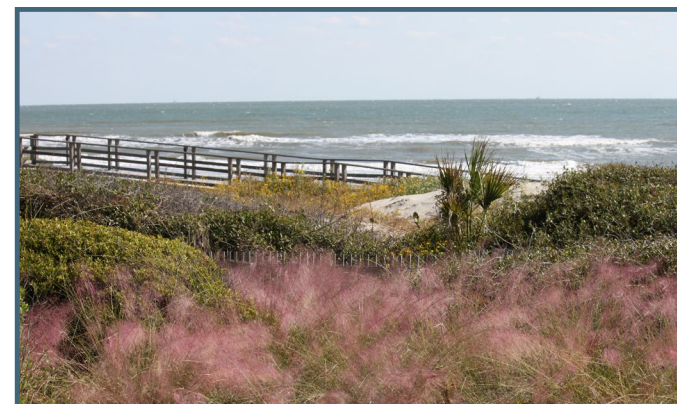
The team also addressed emerging issues such as ESG, wildfire, employee benefits, Directors & Officers, and quota share arrangements, followed by an update on information technology initiatives, investment strategies, and reserving philosophies.

## CATASTROPHE LOSS ANALYTICS

Florida State University's Charles Nyce, PhD, from the College of Business, Department of Risk Management/Insurance, Real Estate and Legal Studies, joined the morning session to provide an in-depth overview of catastrophe loss analytics and their significance to the risk management decision-making process. Professor Nyce stressed the importance of uncertainty as it pertains to catastrophe models and emphasized that cat models are estimates and should not represent the sole input for risk management decisions.

## SOUTH CAROLINA DEPARTMENT OF INSURANCE UPDATE

Acting Director Michael Wise, of the South Carolina Department of Insurance (SCDOI), was joined by colleagues Joseph McDonald, Director of Captives, and Dan Morris, Deputy Director, Financial Regulation & Solvency, to provide an update on SCDOI activities, particularly as they relate to the South Carolina captive community which is one of the largest in the United States.



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Acting Director Wise provided an update on the South Carolina insurance industry as a whole, while Joe McDonald focused on areas specific to the captive insurance division, including recent personnel changes and licensing activity. Dan Morris provided a historical overview of EIS from a regulatory perspective and highlighted EIS's continued growth and success through the years.

## JOHNSON LAMBERT – AUDIT UPDATE

EIS auditors, Johnson Lambert, provided an update of its audit activities, including a timeline of engagement deliverables for the 2022 audited financial statements. With underwriting, claims, and investments as the key risk areas of the audit, the Johnson Lambert team focuses on premium revenue recognition, valuation of liabilities for losses and loss adjustment expenses, reinsurance recoverable balances, and valuation of deferred tax assets and liabilities. The audit also reviews the design and implementation of internal controls, with particular attention to any management override of such controls.

After reviewing various changes to auditing standards that will be implemented over the next two years, the audit team addressed the annual SOC-1 Type II report that is prepared annually for ECM. The primary benefit of the report is that it expresses an opinion on the fairness of the design and operating effectiveness of internal controls. This opinion covers insurance services, cash management, financial reporting, and information technology.

Finally, the team provided an update on 2022 tax changes impacting EIS, including sunset tax provisions and the Inflation Reduction Act. Attendees were reminded that the IRS is currently struggling with workload and there can be significant lag in processing of tax-related matters.

Feedback on the General Session and the conference in general was very positive as more and more members seek to take advantage of the "effective, innovative and strong" alternatives offered by EIS and ECM to complement and/or augment traditional risk transfer strategies.

EIS and ECM have already begun planning for the 2023 Program Advisory Committee conference which will take place October 23-26 at the Charleston Harbor Resort in Charleston, South Carolina. All interested EIM members are invited!

**SAVE THE DATE!**

**EIS PAC ANNUAL CONFERENCE • OCTOBER 23-26**  
**CHARLESTON HARBOR RESORT, CHARLESTON, SC**  
All EIM members are welcome



## REMEMBERING TOM NUNNELLY

We are sad to report that Tom Nunnelly, retired Executive Vice President of Southern Company and a founding director of Energy Insurance Mutual, passed away on December 26, 2022 at the age of 90.

Tom was a visionary who played an integral role in establishing EIM and laying the foundation for the organization's mission and vision. In EIM's 1987 annual report to members, Tom, along with fellow board member, Irene Moser, retired Vice President, Administrative Services, Virginia Power and Chairman of the Board of EIM, noted early on that "EIM's greatest achievement has been its success in fulfilling the goals established by the mutual's founders: to build a strong, secure, comprehensive, and competitive provider of excess liability insurance for the gas and electric utility industries."

As the first president of EIM, Tom, with the support of his fellow board members, blazed a trail that has been followed by hundreds of members, insurance professionals, and industry peers. We need only look back to 1987 to see our future eloquently expressed in Tom's message to EIM members:

***Changes will undoubtedly occur in the structure of the markets of our member insureds which, in turn, will produce changes in their insurance needs.***

***The challenge for our mutual in anticipating and addressing the market's changing demands – and their impact on member insurance requirements – will extend beyond the familiar concerns of price, attachment points, and coverage limits. The keys to the future also will be found in areas such as service and the types of coverage offered.***

Our thoughts and prayers are with Tom's family and friends. His legacy at EIM will endure forever.



# STEPHANIE ROGERS SUCCEEDS MIKE MCFARLAND AS IAC CHAIR

## ROGERS ELECTED AS IAC CHAIR

At the December 6, 2022 meeting of the Insurance Advisory Committee (IAC), Stephanie Rogers, Director, Risk & Insurance, Plains All American Pipeline, was elected to a two-year term as chair of the IAC. Stephanie will take over from departing chair, Mike McFarland, Director, Enterprise Risk Management, Great River Energy, who has served as IAC chair since February 2020.

Although concluding his term as IAC chair, Mike will remain an IAC member. Commenting on the leadership transition, Stephanie noted, "It has been a pleasure working with Mike as Vice Chair over the last 2 years where I have learned a great deal about the IAC and its role within the EIM governance structure. I can't thank Mike enough for his leadership and express my appreciation for the confidence shown in me by the IAC members. The Committee will continue to carry out our mission and vision to support EIM and its member companies and ensure a transparent, responsive, and meaningful collaboration."



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*Director, Enterprise  
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## LISA HOUGH JOINS IAC



Lisa Hough, Director of Legal Operations at Omaha Public Power District (OPPD) has joined the Insurance Advisory Committee (IAC), effective January 2023. During her 15-year career at OPPD, Lisa previously served as Manager of Insurance and Claims Department, Manager of Risk Management, and Claims Specialist. Before joining OPPD in 2008, Lisa practiced as an attorney with the law firm of Woodke and Gibbons, LLC in Omaha, Nebraska where she focused on insurance defense matters. Prior to private practice, Lisa worked for 11 years in claims operations and supervision at State Farm Insurance.

As evidenced by the many hats Lisa has worn during her career, she brings to the IAC a broad-based wealth of knowledge and experience. In addition to managing OPPD's insurance portfolio, and serving on various insurance industry advisory committees to review and update policy language and underwriting guidelines, Lisa also administers public liability claims for OPPD, actively engages in mediation, arbitration, and litigation matters involving the District, and supports OPPD's enterprise risk management process.

Lisa has obtained the Chartered Property Casualty Underwriter (CPCU), Associate in Risk Management (ARM), and Associate in Claims (AIC) accreditations. She is currently vice chair of the American Public Power Association's Business and Financial Section. In addition to serving as a mentor for Partnership With Kids, Lisa also participates in the OPPD Women Network and Women in Power & Utilities groups.

Stephanie Rogers, IAC Chair, noted, "As a longtime supporter of industry mutuals, Lisa is very conversant in the important issues facing the energy industry today. We are fortunate to have her on board and look forward to working with her."



## KATHY MCELWAINE JOINS IAC



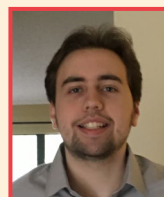
Kathy McElwaine, who has served as Corporate Insurance Manager, PJM Interconnection, LLC, since 2018, has joined EIM's Insurance Advisory Committee. In addition to her extensive knowledge of property and casualty insurance, Kathy has also worked with PJM

professionals and business partners to automate insurance issuance processes, monitor claims activity, assess cyber security initiatives, participate in quarterly safety committee meetings, and focus on enterprise risk management protocols. Her almost 20-year career in risk management provides the IAC with a new and insightful resource to further support the EIM Board and senior managers.

Kathy is a National Alliance for Insurance Education certified risk manager, member of the Risk and Insurance Management Society, and a member of the Philadelphia area Risk Managers Association. She also holds an Associate in Risk Management designation from the Insurance Institutes. Most recently, Kathy earned the Energy Risk & Insurance Specialist "ERIS" designation through IRMI.

IAC chair, Stephanie Rogers, stated that, "Kathy's depth and breadth of knowledge is a welcomed addition to the Committee and we look forward to benefiting from her extensive industry experience and vision."

## DANIEL POLT IT INTERNSHIP



**Daniel Polt**

The University of South Florida (USF), with its main campus in Tampa, has long emphasized experiential learning as a key component to students' undergraduate, graduate, and career success. The University offers internships, Co-op, service learning, research, and extended volunteering to help students build confidence in their areas of specialization and career path, helping them become "career-ready" by developing the critical transferable skills sought by prospective employers. EIM's information technology group has capitalized on the USF commitment and welcomed intern, Daniel Polt, who received his undergraduate degree at USF in Computer Science. Daniel will be working with EIM through the completion of his Masters in Cybersecurity degree program in May 2023.

Daniel works three days a week at EIM while also completing the remainder of his post-graduate curriculum. Although focused on cybersecurity at USF, Daniel observes that, "I enjoy the practical aspects of working for EIM. It allows me to see how academic theory translates into real world situations and provides a more in-depth exposure to areas such as network systems and third party and proprietary software applications." Working on a number of projects designed to refine and augment current IT functions within EIM, Daniel is "making a clear contribution to strengthening and enhancing EIM's IT capabilities," says Sridhar Kocharlokata, EIM's IT director. "With Daniel on board we have an added resource to address systems initiatives that might otherwise not reach the top of the "to do" queue. It is a win-win situation for USF, Daniel and EIM," adds Daniel Nelson, EIM's Manager, Information Technology.

New projects planned for early 2023 will certainly keep Daniel busy for the remainder of his internship and, hopefully, provide him with the springboard to a long and successful career in information technology.

# 20-YEAR ANNIVERSARIES

## SCOTT LEIMAN



**Scott Leiman**

Scott Leiman is a disciplined and detail-oriented underwriter. For the last 20+ years he has been keeping EIM's property portfolio organized and running smoothly, probably due in no small part to his four years as an aircrewman in the U.S. Navy. There, he was assigned to a CH-46 Sea Knight, a twin-rotor transport helicopter used by the Navy from 1961 through 2004. Scott learned early on that "what goes up, must come down" and it was attention to detail that ensured a soft landing for the CH-46.

After serving in the Navy through 1988, Scott began his insurance career as a temporary mail room clerk at Fireman's Fund where he quickly advanced to a 14-year tenure as an excess and special risk underwriter. Combining his Navy and Fireman's Fund experience, Scott joined EIM in June 2002 as a property underwriter and has remained focused on the property portfolio throughout his career, rising to Product Line Manager – Property in January 2022.

Reflecting on his milestone, Scott observed, "While it has seemed to have passed very quickly, I have really enjoyed my time working with EIM for past 20 years and, while I have seen a lot of changes, the one thing that has never changed and continues to endure is its family culture. I look forward to my future with EIM and can truly say it's right up there at the top of the best places to work." In addition, unlike his time on the CH-46, Scott appreciates not having to wear a noise-reducing helmet while in the office!

**Thanks to Scott for keeping the property book "shipshape" and congratulations on 20 years with EIM.**

## JOAN BRYANT



**Joan Bryant**

Joan Bryant joined EIM in January 2003 to focus on special projects. With her background in financial and accounting, she was the perfect candidate to develop a proprietary system to handle the underwriting, claims, and accounting aspects of EIM's growing excess insurance portfolio. The result of her efforts was the EPIC system which (in its updated form, including a complete programming rewrite) remains today as EIM's primary underwriting, claims, and accounting system.

Joan clearly doesn't adhere to the adage that, "you should never do anything well that you don't want to do for the rest of your career," because over the next two decades she spearheaded innumerable projects including redomestication of Energy Insurance Services, Inc. (EIS) from Bermuda to South Carolina, building an in-house information technology team, designing a corporate-wide enterprise risk management tracking system, and expanding EPIC to EIM subsidiaries, EIS and Energy Captive Management where it provides on-line underwriting, claims and accounting data to Mutual Business Partners. These projects, along with the many other successful undertakings during Joan's 20-year tenure, have had a dramatic impact on EIM's success over the years.

As Joan has often pointed out, what initially attracted her to EIM was the people. And it has been the people- fellow staff members, member companies, and business partners- who have made her time at EIM so enjoyable and fulfilling.

**Congratulations and sincere thanks to Joan for her many contributions to EIM over the last 20 years.**





# 15 & 20-YEAR ANNIVERSARIES/RETIREMENT

## TANIYKA RAGLAND • CELEBRATING 15 YEARS



**Taniyka Ragland**

Congratulations to Taniyka Ragland who is celebrating her 15-year anniversary with Energy Insurance Mutual (EIM). Taniyka joined EIM in January 2008 as an executive assistant working for EIM's then-president and CEO, David Hadler. Taniyka observes that, "I was struck by the long-term history of EIM and the longevity of its staff. Having previously worked in the Florida home-building and construction industry with its cyclical peaks and valleys, I truly appreciated the stability of the organization and its people."

Taniyka's intuition has proved spot on as she has spent the last 15 years making multi-faceted contributions to the company. After serving as an executive assistant for five years, Taniyka assumed the role of assistant corporate secretary where she coordinated quarterly EIM and Energy Insurance Services, Inc. (EIS) Board meetings. In addition, Taniyka helped plan and organize EIM and EIS annual meetings held in Orlando and Charleston, S.C.

As demands for additional support grew over the years, Taniyka has, at various times, stepped up to oversee design, preparation, and distribution of EIM's annual report along with the quarterly EIM Members Report, monitor the accounts payable process, track compliance with EIM's anti-money laundering procedures, and support maintenance of various third-party software applications. She also played a key role in special projects such as EIM's transition to a more paperless work environment and the remodeling of the then 25-year-old Tampa office space.

In addition to proving her initial impressions of stability and longevity correct, Taniyka has also remained pleased that during her 15-year tenure EIM has remained a "family."

**Congratulations and many thanks to Taniyka!**

## JILL MANNING • CELEBRATING 20 YEARS & RETIREMENT



**Jill Manning**

When Jill Manning received a call from Jill Dominguez some 20 years ago inquiring about her interest in joining the EIM underwriting team, the timing could not have been better. After beginning her insurance career at Liberty Mutual in 1979, Jill M. decided to relocate to Florida ten years later and within two weeks of her arrival had secured an underwriting position with Fireman's Fund where she worked with Jill D. Some 13 years later, Jill M. had tired of the large corporation experience and yearned for a smaller organization where she could apply her underwriting knowledge. Enter Jill D. A few calls later Jill M. joined EIM as its 14th employee (on the same day as Scott Leiman).

As Jill M. describes it, "I was struck by the collegiality of the EIM team and appreciated the transparency and collaboration that were a key part of EIM's operating philosophy. What I perceived 20 years ago remains true today as I have always felt like a valued member of a highly motivated and successful team of professionals." Now an assistant underwriter, Jill has focused on General Liability and Directors and Officers excess coverage while occasionally supporting Scott Leiman on Property accounts.

Twenty years with EM is quite a career and Jill M. announced that she will be taking well-earned retirement at year-end 2022. While Jill M. readily admitted that it will be a big change, she intends to volunteer at her local church and do some traveling, including a long-awaited trip to Italy and Greece later in 2023. She also plans to venture out with husband David on some motorcycle excursions (as a passenger, not a operator) and explore the east coast, particularly New York and Long Island where she grew up.

Jill M. greatly appreciated the retirement send-off thrown by EIM which included a video retrospective which showcased the wonderful contributions that Jill M. has made to EIM over the years.

**Extending Jill M. heartfelt thanks and congratulations on 20 years with EIM and best wishes for a long and fulfilling retirement. You will be missed by all!**





# MANAGING THE INVESTMENT PORTFOLIO



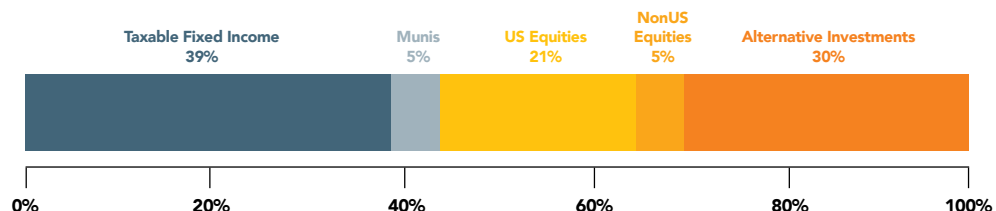
**Jeff Tkacz**  
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Chief Financial Officer  
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EIM manages a \$1.9 billion investment portfolio of both fixed income and equity investments, partnering with a variety of investment managers to ensure an appropriate level of diversification. It has been a challenging year on the investment front, but EIM remains committed to the long-term strategic view of its invested assets, focusing on return over time rather than performance in any single

fiscal year. We have not forgotten the lessons learned from the 2008 financial crisis where financial markets dropped precipitously, and the Great Recession pummeled investment portfolios. EIM stayed the course in 2008, deciding to ride out the market collapse without liquidating its core assets, altering its long-term investment vision or embracing a short-term strategy designed to stem existing losses. The long-term view proved wise as the investment portfolio fully recovered by 2010.

We have taken a similar view for 2022, with some adjustments for an anticipated rise in inflation, higher interest rates, and a possible recession, by maintaining our core adherence to an abiding commitment to long-term returns on investment. The following chart shows the distribution of EIM's investment portfolio by asset class, highlighting the Company's commitment to fixed income investments (44%), equities (26%), real estate (9.5%), high yield bank loans (10.0%), closed end bond funds (5.0%), trade finance (5.0%) and private equity (0.5%).

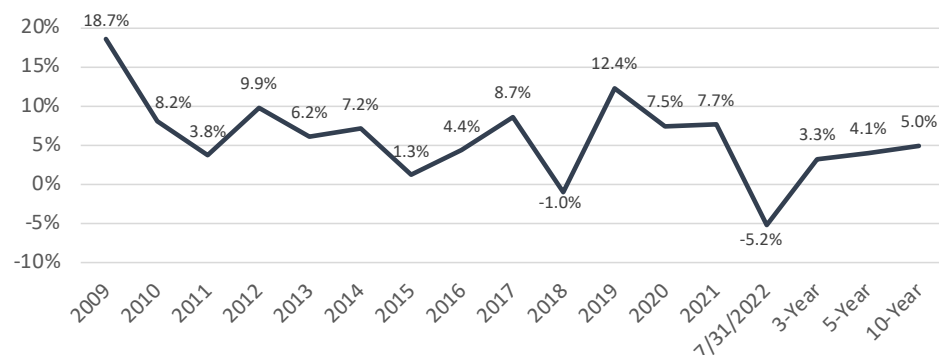
## CURRENT TARGET INVESTMENT PORTFOLIO ALLOCATION BY ASSET CLASS



We remain conservative in our investment approach, always testing to ensure that the expected return and the risk associated with that return are consistent with EIM's risk tolerance.

As the historical investment returns set forth below show, EIM has benefited from the allocation to equities and alternatives while maintaining a conservative highly rated investment grade bond portfolio. Although 2022 year-to-date returns have reduced the 3, 5 and 10-year total investment return averages, we are still above annual budgeted returns which are benchmarked between 3-4%.

## EIM'S HISTORICAL TOTAL INVESTMENT RETURN LEVELS THROUGH JULY 31, 2022



Most notably, the long-term performance of the investment portfolio return levels support EIM's extended view of investment strategies and positions the company well for returns that are in line with our long-term outlook and conservative risk philosophy.



# Q3 2022 FINANCIALS



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Controller  
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Energy Insurance Mutual Limited ("EIM") recorded a loss on surplus of (\$143.7) million for the nine months ended September 30, 2022, driven by investment market volatility. This is compared to a gain of \$59.0 million for the same period in 2021. EIM recorded income from underwriting of \$44.2 million compared to a loss of (\$0.2) million in the prior year.

EIM saw an improvement on its net loss ratio, currently 73.7% for the nine months ended September 30, 2022, steadily decreasing over the last three years and more in line with budget.

EIM had an investment loss of (\$230.4) million from unrealized market losses for the first nine months of 2022, compared to income of \$71.3 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 \$143.7 million or (11.5%) for the year.
- Combined ratio of 78.9% for the first nine months of 2022 as compared to 100.1% for the same period in prior year.
- Membership retention of 99% was achieved in the first nine months of 2022.

EIM's return on investments of (12.00%) is compared to a benchmark return of (12.00%). The return is a result of losses on US equities of (21.76%), international equities of (27.35%), fixed income securities of (10.27%) and slightly offset by gains on alternative investment securities of 0.56%, led by strong returns on our real estate investments.

While the first nine months of 2022 saw a 12% negative 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 10-year average above 4%.

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## 2023 RMIM CONFERENCE

**BEYOND  
LIMITS**

**FEB 26-28, 2023**

**HYATT REGENCY  
GRAND CYPRESS  
ORLANDO, FLORIDA**



# Q3 2022 FINANCIALS

As of and For the Period Ending September 30, 2022

## Balance Sheets (Unaudited) (Expressed in Thousands of U.S. Dollars)

	9/30/22	12/31/21
<b>Assets</b>		
Investments	\$ 1,757,117	\$ 2,024,571
Cash and cash equivalents	201,382	67,599
Reinsurance recoverables on losses	459,183	529,275
Prepaid reinsurance premiums	27,944	37,230
Premiums receivable	6,533	14,206
Income taxes (payable) recoverable	(5,919)	9,111
Other assets	2,308	2,460
<b>Total assets</b>	<b>\$ 2,448,548</b>	<b>\$ 2,684,452</b>
<b>Liabilities and policyholders' surplus</b>		
Reserves for losses and loss adjustment expenses	\$ 1,102,113	\$ 1,127,868
Unearned premiums	213,941	169,258
Reinsurance premiums payable and funds held	2,563	1,693
Net deferred tax liability	9,826	70,067
Policyholder distributions payable	-	50,000
Accounts payable and accrued expenses	15,837	17,555
<b>Total liabilities</b>	<b>1,344,280</b>	<b>1,436,441</b>
<b>Policyholders' surplus</b>	<b>1,104,268</b>	<b>1,248,011</b>
<b>Total liabilities and policyholders' surplus</b>	<b>\$ 2,448,548</b>	<b>\$ 2,684,452</b>

## Statements of Income (Unaudited) (Expressed in Thousands of U.S. Dollars)

	9/30/22	9/30/21
<b>Underwriting revenue</b>		
Net premiums earned	\$ 209,267	\$ 164,745
Other underwriting income	225	3,301
<b>Total underwriting revenue</b>	<b>209,492</b>	<b>168,046</b>
<b>Underwriting expenses</b>		
Net losses and loss adjustment expenses	154,206	156,248
Policy acquisition costs	1,883	2,594
Administrative expenses	9,229	9,405
<b>Total underwriting expenses</b>	<b>165,318</b>	<b>168,247</b>
Income (loss) from underwriting	44,174	(201)
Investment (loss) income	(230,446)	71,277
(Loss) income before income taxes	(186,272)	71,076
Policyholder distribution	-	-
Income tax (benefit) expense	(42,529)	12,102
<b>Net (loss) income</b>	<b>\$ (143,743)</b>	<b>\$ 58,974</b>



## Statements of Changes in Policyholders' Surplus

*(Expressed in Thousands of U.S. Dollars)*

	9/30/2022	12/31/2021
Policyholders' surplus, beginning balance	\$ 1,248,011	\$ 1,188,718
Net income (loss)	(143,743)	59,293
Policyholders' surplus, ending balance	<u>\$ 1,104,268</u>	<u>\$ 1,248,011</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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