

# MEMBERS REPORT JUNE 2023



**Q1 2023 Financials**



**2022 IAC  
Survey Results**



**EIS Celebrates  
30 Years**



**EIS PAC  
Conference**



**Welcome  
New Employees**



**Dan Tucker  
Joins EIM Board**



**New Members**



**Brian Bird  
Joins EIM Board**



# 2022 IAC MEMBER SURVEY INSIGHTS AND RECOMMENDATIONS

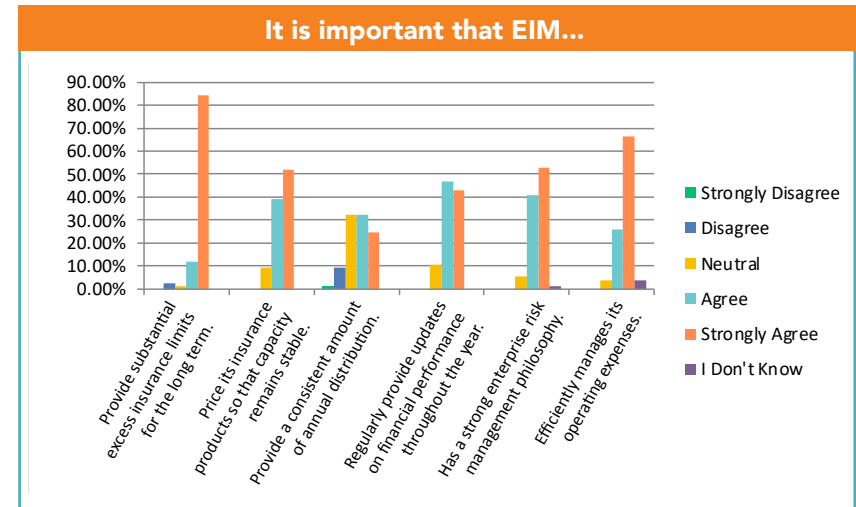
At the February Risk Managers Information Meeting we reviewed highlights from the 2022 Insurance Advisory Committee (IAC) survey that included responses from over 100 members and brokers. In addition to providing helpful feedback on EIM's responsiveness to member company needs, the survey offered many positive insights and recommendations on improving EIM's products and services. Survey questions were designed to touch on each of the four major operating segments of the organization, including financial strength and stability, underwriting, claims, and responsiveness to member company needs.

## FINANCIAL STRENGTH AND STABILITY

As in past years, respondents were asked about EIM's surplus level, which totaled just over \$1 billion at year end 2022, and whether surplus was too high, too low, or appropriate for EIM's underwriting activities. Almost 94% of respondents answered that EIM's surplus level was appropriate, with 3% replying that it was insufficient and an equal percentage stating that it was excessive. These responses contrast with the 2018 and 2016 responses where 86% of respondents replied that surplus EIM was adequately capitalized and 14% said it was overly capitalized.

It appears that EIM's recently enhanced limits across numerous lines of business and the uptick in claim activity have prompted greater appreciation for the surplus level needed by EIM to prudently meet member company risk management needs.

In terms of EIM's essential operating elements, the following graph highlights survey results indicating that 96% of respondents agree or strongly agree that EIM should provide substantial excess insurance limits for the long term, while 91% replied similarly that EIM insurance offerings should be priced so that capacity remains stable.



Likewise, 92% of respondents agree or strongly agree that EIM needs to efficiently manage its operating expenses, while 90% feel correspondingly that EIM must provide regular updates on financial performance throughout the year. Enterprise risk management continues to be a key topic with 94% of respondents agreeing or strongly agreeing that EIM must have a strong enterprise risk philosophy.

As in past years, the notion that EIM provide a consistent amount of annual distribution received only 57% agreeing or strongly agreeing, with 33% neutral and 10% disagreeing. This compares to 71% of agreeing sentiment in the 2020 survey, again suggesting that respondents are sensitive to the capital needs associated with increased limits and more frequent claim activity, preferring to see capital dedicated to underwriting endeavors rather than being returned to members via distributions.

With 97% of respondents agreeing or strongly agreeing that

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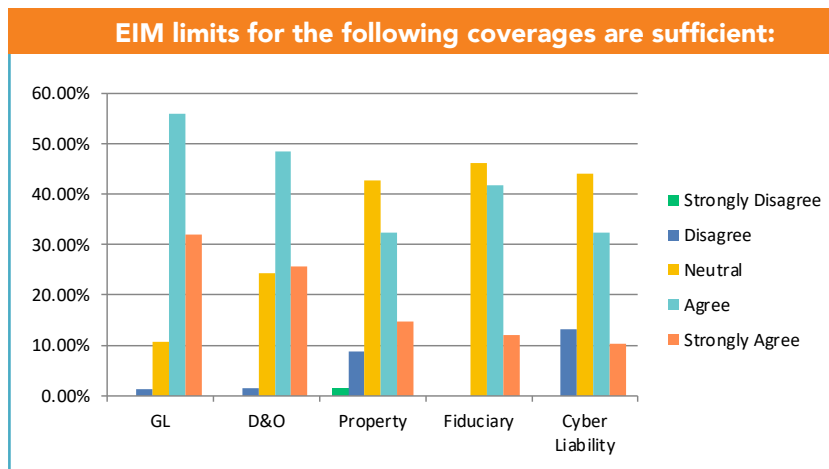
# 2022 IAC MEMBER SURVEY

## INSIGHTS AND RECOMMENDATIONS (continued)

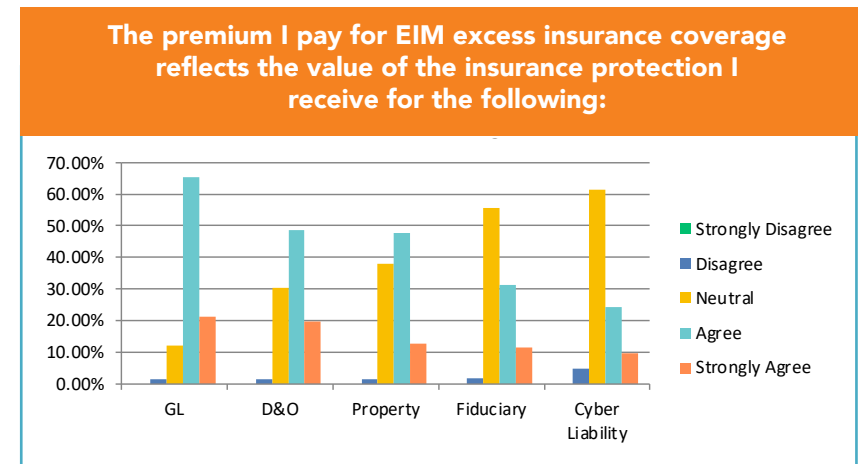
they understand the advantages of the mutual concept over the commercial market (with 3% neutral replies), it appears that EIM continues to deliver on its “mutual advantage” value proposition.

### UNDERWRITING

As set forth in the following graph, the ongoing hard market continues to place an emphasis on EIM capacity across all line of business. While agreement is generally expressed for the sufficiency of General Liability (88%) and Directors & Officers (74%), this sentiment falls off for Fiduciary (54%), Property (47%) and Cyber (43%). In each of the five lines of business “agree” and “neutral” responses outnumber “strongly agree” replies, suggesting that members would like to see increased limits across all lines. Recent capacity increases in General Liability, Directors & Officers, and Cyber may strengthen membership support on this question.



Complementing the question on capacity was an inquiry about whether premium paid by members for excess coverage reflects the value of the insurance protection received. Results were similar to the capacity responses with support on General Liability (87%), Directors & Officers (68%), and Property (60%), followed by Fiduciary (43%) and Cyber (37%). In each instance “agree” responses outpaced “strongly agree” replies, suggesting that pricing continues to be a key concern for members.



Consistent with the above trend, neutral responses increased as you moved from General Liability (12%) across D&O (30%) to Property (38%), and from Fiduciary (56%) to Cyber (61%). The neutral replies may reflect the fact that fewer members purchase fiduciary and cyber coverages.

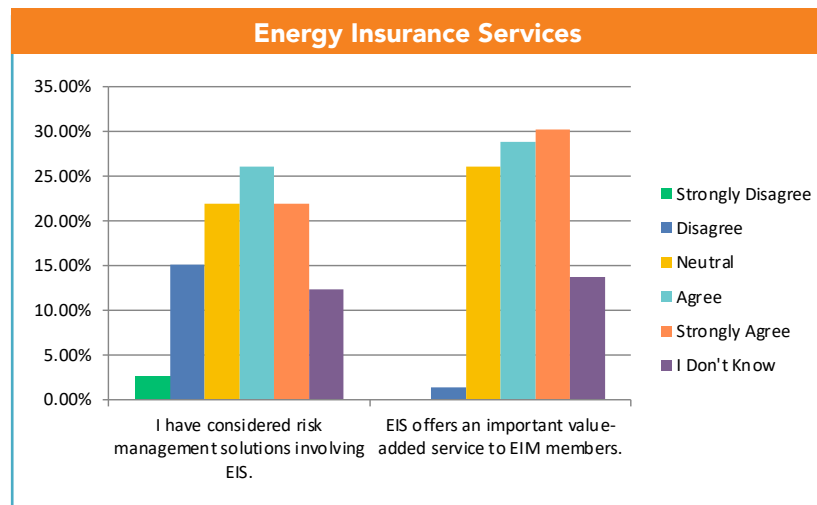
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# 2022 IAC MEMBER SURVEY

## INSIGHTS AND RECOMMENDATIONS (continued)

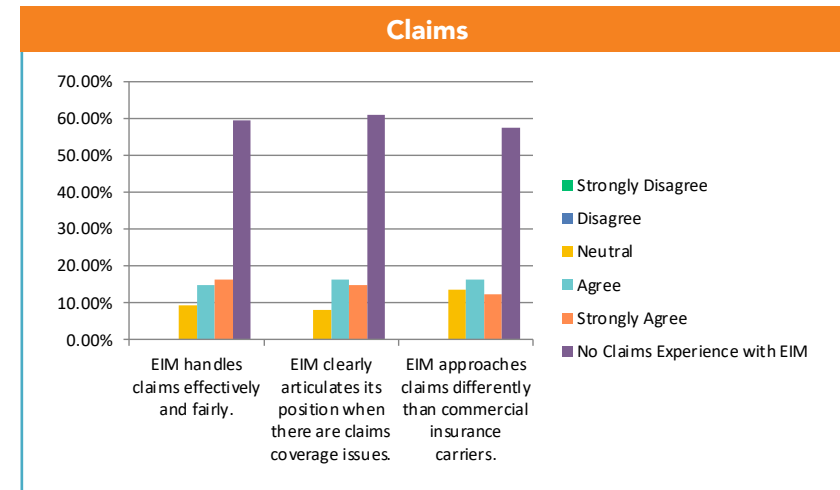
It is not surprising, given ongoing hard market conditions, that 48% of survey participants agreed or strongly agreed that they had considered risk management solutions involving Energy Insurance Services (EIS). In addition, as noted below, 59% of respondents (29% agree/30% strongly agree) recognized that EIS offers an important value-added service to EIM members.



Given its ability to tailor risk management alternatives to specific company needs, we expect to see continuing interest in captive insurance activity and a broader recognition of the value-added services provided by EIS.

### CLAIMS

With EIM's increased claim activity, survey feedback on administration and resolution of claims is critical. When asked about the effectiveness and fairness with which EIM handles claims; how clearly EIM articulates its position when there are claims coverage issues; and whether EIM approaches claims differently than commercial carriers, survey respondents replied as follows:



Of the survey participants, about 60% reported no claims experience and did not provide a response. Of the respondents who had claims experience, 77% (40% agree/37% strongly agree) concurred that EIM handled claims effectively and fairly, with the remaining 23% neutral. A similar 77% agreed that EIM clearly articulated claims coverage issues when they were present, again with 20% responding "neutral." With no "strongly disagree" or "disagree" responses to any of the three questions, 70% of respondents agreed or strongly agreed that EIM approached claims differently from commercial carriers, with 33% responding "neutral." There were no "strongly disagree" or "disagree" responses to any of the three questions.

While the majority of EIM members have not experienced claims, the survey results suggest that, when claims do arise, they are handled fairly and efficiently in a manner that is different from commercial carriers, with coverage issues, if they arise, clearly

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# 2022 IAC MEMBER SURVEY

## INSIGHTS AND RECOMMENDATIONS (continued)

articulated. The challenge for the future is ensuring that claims continue to be effectively managed and resolved.

In 2022, 76% of survey respondents agreed or strongly agreed that loss experience could impact premium charged compared to 72% in 2020. While 18% of respondents were neutral on this question, only 6% disagreed or strongly disagreed. This 5% increase in agreed responses suggests greater appreciation for the need to have premium correlate to loss history.

### RESPONSIVENESS TO MEMBER COMPANY NEEDS

#### COMMUNICATION

As highlighted during the Orlando Risk Managers Information Meeting, communication between EIM, its members, and its business partners, is essential. It is particularly true when the industry professionals are adapting to the changing risk management environment in their respective fields, and EIM tailors its products and services to best meeting these evolving needs. When asked if EIM keeps them informed of developments within the organization, 85% of respondents replied positively (agreed or strongly agreed), with 14% neutral and 1% disagreeing.

Perhaps an even stronger measure of EIM's quality of communication is the fact that 96% of respondents agreed (43%) or strongly agreed (53%) that EIM staff are knowledgeable and professional, with 4% replying "neutral."

Another venue for communication, The Energy School, which is offered biannually to member company representatives, received very high survey marks, with 96% of participants agreeing that the School provides value to members. Despite this fact, and perhaps in recognition of the time commitment required by the one-week School session, 56% of respondents indicated that they had no plans to send a representative to the 2024 Energy School. With only 44%

of those surveyed expressing plans to send a representative to the School, the IAC and EIM will further investigate alternatives to help facilitate a higher level of participation in future sessions.

EIM has always recognized the importance of the IAC as a liaison between members and the EIM Board and senior staff. When asked if they were familiar with the IAC, 84% of respondents answered affirmatively, with 74% agreeing or strongly agreeing that they were regularly updated on IAC activities. A full 69% of survey participants similarly agreed that the IAC adds value to EIM's operational and strategic direction as well, while 69% of respondents stated that they knew who the IAC members were. The IAC remains committed to fostering the ongoing dialogue that is crucial to achieving EIM's short-term goals and long-term vision.

#### WHAT THE FUTURE HOLDS

In each biannual survey, participants are asked two forward-looking questions: 1) what will be your most important risk management considerations in the next five years; and 2) what adjustments must EIM make to remain relevant and responsive to industry changes. As in past years, respondents provided some insightful and instructive comments.

#### RISK MANAGEMENT CONSIDERATIONS

While there has been some change in the emphasis regarding key risk management considerations over the last six years, the fundamental concerns shared by industry professionals remain constant. As the following summary shows, the dominant themes of political and regulatory uncertainty, cyber risk, climate

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# 2022 IAC MEMBER SURVEY INSIGHTS AND RECOMMENDATIONS

(continued)

## 2018

- **Political Environment**
- **Climate Change**
- Environmental
- **Renewable Energy**
- Decreased Energy Consumption
- **Cyber Liability**
- Industry Consolidation
- Distributed Generation
- Regulatory
- **Aging Infrastructure/workforce**

## 2020

- Regulatory
- **Political Environment**
- **Aging Infrastructure/workforce**
- **Cyber Liability**
- **Climate Change**
- **Renewables**
- **Aging Workforce**
- Distributed Generation
- Industry Consolidation
- Reduced Energy Demand

## 2022

- **Cyber Liability**
- **Political Environment**
- **Renewables**
- **Aging Infrastructure**
- Insurance Capacity
- Use of Captives
- **Climate Change**
- Emerging Technology
- ESG
- Grid Reliability

change, renewable energy, and an aging infrastructure and workforce have surfaced in each of the last three member surveys.

Risks such as insurance capacity (including lines of business, coverage terms, and price) and use of captives have received more attention over the last two years, probably in no small part due to the ongoing hard market.

A recurring message from the survey responses is that EIM must remain open-minded to member company insurance needs and take a fair and consistent approach to excess insurance coverages offered. This will require the company to effectively identify emerging risk management challenges and engage in an ongoing dialogue with the IAC, mutual insurance peers, risk managers and brokers to nimbly anticipate and deliver responsive risk management solutions. Overall, survey responses were positive with substantial commentary that will help guide the IAC and EIM during the coming years. Thank you for your participation in the 2022 IAC survey and your ongoing support.



*Stephanie Crochet*  
IAC Chair  
Director, Risk and Insurance  
Plains All American, L.P.  
[stephanie.crochet@plains.com](mailto:stephanie.crochet@plains.com)



*Ron Rispoli*  
IAC Vice Chair  
Director, Risk Management &  
Risk Engineering  
Entergy Services Inc.  
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# ENERGY INSURANCE SERVICES CELEBRATING 30 YEARS

Energy Insurance Services, Inc. (EIS) has enjoyed a long and storied 30-year history. The company was originally incorporated on May 27, 1992, in Hamilton, Bermuda as Energy Insurance (Bermuda) Ltd (EIB), founded to provide a facility that would meet EIM member company specific risk management needs for the design, placement, and management of alternative risk related products. The company moved onshore to Greenville, South Carolina on December 1, 2006, operating under Chapter 90 of the South Carolina Code of Laws relating to captive insurance companies, where it was renamed EIS.

As a South Carolina sponsored captive insurance company, EIS establishes protected cells called Mutual Business Programs (MBP) for a member or group of members. Losses attributed to a MBP may only be paid from the assets attributed to that MBP. During its history, EIS has created almost 40 MBPs for members, ranging from group benefits coverage to traditional property and casualty risks. With 19 active MBPs and 78 in-force policies, EIS currently reports more than \$250 million in annual gross premium earned. As commercial insurance markets harden, EIM members look to EIS to help manage cost, coverage terms and conditions, and loss control. Megan Ogden, EIS' vice president and chief operating officer reports that, "In 2022, EIS evaluated over 40 alternative risk options with members."

## EIS THROUGH THE YEARS

- **1992**  
Energy Insurance (Bermuda) Ltd. is founded in Hamilton, Bermuda
- **1996**  
Multi-participant employee benefit cell formed
- **2002**  
EIB peaks at 24 cells
- **2005**  
EIB hires a dedicated Executive
- **2006**  
EIB re-domesticated to South Carolina and renamed Energy Insurance Services, Inc.
- **2010**  
Written Premium exceeds \$100M
- **2015**  
Energy Captive Management LLC is founded in South Carolina  
EIS and ECM offices move to Charleston, SC
- **2017**  
EIS celebrates its 25th anniversary  
Written Premium exceeds \$200M
- **2018**  
EIS is awarded Captive of the Year by Captive Insurance Companies Association
- **2021**  
Written Premium exceeds \$300M

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# ENERGY INSURANCE SERVICES CELEBRATING 30 YEARS (continued)

Tobias Burke, who was instrumental in the 2015 formation of Energy Captive Management LLC, an EIM subsidiary that provides administrative services for all EIS MBPs. Burke, who is now ECM's Vice President and Chief Accounting Officer, recalls that, "Risk managers have always been interested in tailoring specific alternative risk solutions for their companies as part of an overall risk management strategy. It is a labor-intensive process that requires detailed data analysis, sophisticated stochastic modeling, and diligent monitoring of portfolio performance to ensure that anticipated efficiencies are realized." The aggregate surplus of all active MBPs, now more than \$280 million, is a testament to the effectiveness of EIS captive activities.

Congratulations to the EIS team for 30-years of committed service to EIM members.



**Megan Ogden**  
*Energy Insurance Services*  
*Vice President and Chief Operating Officer*



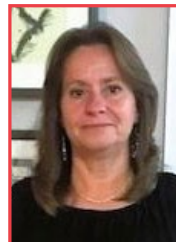
**Tobias Burke**  
*Energy Captive Management*  
*Vice President and Chief Accounting Officer*



**Kimberly Jenkins**  
*Energy Captive Management*  
*Accounting Manager*



**Tameeka Hayward**  
*Energy Captive Management*  
*Senior Accountant*



**Monique Branagan**  
*Energy Captive Management*  
*Senior Accountant*

## SAVE THE DATE

**EIS PAC Conference**  
**October 23-26**

**Charleston Harbor Resort**  
**Charleston, SC**





# WELCOME BRIAN BIRD



*Brian Bird  
President and Chief  
Executive Officer,  
Northwest Energy*

Brian Bird joined the EIM board on January 31, 2023. He was appointed President and Chief Executive Officer of NorthWestern Energy in January 2023. Prior to assuming the President and CEO role, Brian served as Chief Financial Officer of NorthWestern Energy for 18 years. With 25 years of energy experience, including regulated electric and natural gas utility and independent power, Brian brings a wealth of knowledge and experience to the EIM Board. He has a strong corporate governance background along with 27 years of M&A experience.

Prior to joining NorthWestern, Brian was Chief Financial Officer and Principal of Insight Energy, an independent power generation development company, and previous to that, Brian was Vice President and Treasurer of NRG Energy.

Brian is a member of the Federal Reserve Board 9th District Advisory Council, the Board of Directors for Feeding South Dakota (Treasurer), Sioux Empire

United Way (2021 Campaign Chair), North Central Electric Association (Past President), and University of Idaho Utility Executive Course.

Brian earned an MBA in Finance from the University of Minnesota and a double major undergraduate degree in Accounting and Finance from the University of Wisconsin – Eau Claire. He also has his Certified Public Accountant certificate.

We are pleased to welcome Brian to the EIM Board.

Utility industry mutuals play an important role in the management of risk in the energy sector. It is critical for utilities to have insurance options that address day-to-day operational risks, along with emerging trends and technology in the industry. I am honored to be a part of the EIM board, serving the utility industry with stable yet innovative risk management solutions.

# WELCOME

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# WELCOME DAN TUCKER



*Dan Tucker  
Executive Vice President  
and Chief Financial  
Officer, Southern  
Company*

Dan Tucker joined the EIM board on January 31, 2023. He is Executive Vice President and Chief Financial Officer of Southern Company, one of America's largest public utilities serving nine million customers through its subsidiaries.

Prior to his current role, Dan served as Executive Vice President, Chief Financial Officer and treasurer of Georgia Power where he oversaw the accounting and finance functions of the company, including financial reporting and planning, regulatory accounting, analysis, and enterprise risk management. In addition, he shared responsibility for the company's innovative results delivery office.

Dan has worked for Southern Company and its subsidiaries for over two decades and has held numerous positions within Southern Company in the areas of financial reporting, financial planning, investor relations, enterprise risk management, and treasury. He began his career in 1998 in financial reporting and, in 2000, moved to Southern Company's finance organization where he led the company's financial planning organization.

Dan was named Vice President of Investor Relations and planning in 2012 and, subsequently, Senior Vice President and Treasurer in 2015. In these roles, he worked to ensure alignment between the development

of the Southern Company's financial plan and its communications strategy with equity and fixed-income investors. Additionally, he provided management oversight to one of the largest U.S. investment-grade debt portfolios. In 2019, Dan transitioned to the role of Executive Vice President and Chief Financial Officer of Southern Company Gas, its four state-regulated gas utilities and retail gas marketing company. Dan also serves on the Energy Advisory Council of the Federal Reserve Bank of Atlanta.

He holds a bachelor's degree from Kennesaw State University with a double major in accounting and finance.

As you look back over the past several decades, the value of insurance mutuals has been evident in our industry, and EIM has been a big part of that since its founding in 1986. It's not lost on me that one of Southern Company's own, Tom Nunnally, was a founding director of EIM, and I am honored to have the opportunity to add value and provide support to this organization.

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# WELCOME NEW EMPLOYEES



**STACY GRAVES**

## WELCOME TO THE TEAM

Stacy Graves joined EIM in January 2023 as a Claims Administrative Assistant after spending six years at USAA in Tampa, Florida. At USAA she was a Member Solutions Senior Specialist, becoming a licensed insurance agent focusing on auto, property, and umbrella insurance coverages before advancing within the organization to an Administrative Support Associate 1, concentrating on program analysis, evaluation, and advisory functions relating to various USAA program initiatives and business development.

Stacy grew up in Honolulu, Hawaii. In 2006, a year after graduating Mililani High School, she enlisted in the United States Army. Her interest in travel, which drew her to military service, was immediately addressed when she was assigned to basic training at Fort Jackson, South Carolina followed by a one-year technical training stint at Fort Gordon, Georgia. She then returned to Honolulu where she spent ten years as a Signal Support System Specialist focusing on telecommunications and radio support and coordination for encrypted telecommunications devices.

Stacy was deployed to Kuwait and the Iraq border between April 2008 and July 2009 where she participated in Operation Iraqi Freedom and made major contributions to the safety, quality, and security of radio circuit and communications operations. During her tenure in the Army, Stacy received a National Defense Service Medal, Army Commendation Medal, Global War on Terrorism Expeditionary Medal, Army Service Ribbon, and Army Good Conduct Medal.

In 2016, Stacy visited her parents, then living in Tampa, and attended a job fair that included a position with USAA, a financial services reciprocal offering banking and insurance products and services to United States Armed Forces members and their families. Stacy joined USAA and moved to Tampa where she found the traffic less congested than Honolulu, the crowds less overwhelming, and a broader range of activities to enjoy, including theater, restaurants, museums, and extended road trips. While at USAA, Stacy earned a Bachelor of Arts degree, magna cum laude, in Sociology, focused on Diversity and Inequality, from St. Leo University.

In her role at EIM, Stacy supports the claims team by providing Category 1 and 2 claim reports and quarterly updates on claims status, as well as setting up new claims and coordinating accounts payable activity. Having been a USAA insured since she was 16 and growing up in a military household where her father had a 30-year Army career, reaching the level of Sergeant Major, Stacy is familiar with the mutual concept, what it means to work cooperatively as a “family” organization, and the importance of trust and confidence in those around you as you strive to “get the job done.” All qualities that have made her transition at EIM comfortable, smooth, and enjoyable.

Please join us in congratulating and welcoming Stacy to the EIM family.



# WELCOME NEW EMPLOYEES (continued)



**MONIQUE BRANAGAN**

## WELCOME TO THE TEAM

After growing up in Smithtown, New York on Long Island and spending significant time in the North Country of New York State, Monique Branagan wanted to live somewhere where there were palm trees. What better place than the Palmetto State, South Carolina, where a sabal palmetto adorns the state flag. So, in 2014, with their two children successfully off to college, Monique and her husband relocated to Mt. Pleasant, South Carolina.

With a B.A. in Business Administration from Dowling College in Oakdale, New York, Monique spent her pre-South Carolina years in public accounting, office management, and county planning, all of which made transitioning to the land of the palms much easier. Prior to joining ECM, Monique spent seven years as the Accounting Manager for Charleston County First Steps School to Readiness in North Charleston, South Carolina. During her tenure at County First, Monique's responsibilities included financial reporting, accounting reconciliations, budget development, and accounts receivable and payable.

When contacted about the position with Energy Captive Management, Monique was intrigued by the opportunity to learn about captive insurance and the detailed process that goes in to developing tailored risk management solutions for EIM members. After starting her new position as Senior Accountant in May 2023,

Monique has immersed herself in the intricacies of the various MBPs administered by ECM and finds the work interesting and challenging. Her years of accounting, non-profit management, and government planning experience make her well-suited for her new role at ECM.

While enjoying kayaking and spending time at the beaches in the Charleston, South Carolina area, Monique and her husband are equally dedicated to their son, daughter, and five grandchildren, all of whom still live in the North Country and can only dream of visits to the Palmetto State!

Please join us in welcoming Monique to ECM.



# WELCOME NEW MEMBERS

## TSU USA HOLDINGS INC.

TSU USA Holdings Inc. (TSUUSA) is a wholly owned U.S. subsidiary of Tri Summit Utilities Inc. which, through its subsidiary, Alaska Utility Holdings Inc., recently purchased ENSTAR Natural Gas Company, LLC. ENSTAR is the largest gas utility in the State of Alaska, servicing approximately 60% of the State's population, with approximately 150,000 customers and 3,626 miles of transmission and distribution pipeline.

## BIG HORN DATAPOWER HOLDINGS

Rocky Mountain Power LLC on Feb. 27 completed the sale of the 107-MW Hardin power plant to a subsidiary of Big Horn Datapower Holdings LLC. Big Horn owns and operates a coal-fired generating station in Hardin, MT which supplies power to the grid during peak demand.

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# Q1 2023 FINANCIALS

As of and For the Period Ending March 31, 2023

## Balance Sheets

(Expressed in Thousands of U.S. Dollars)

	03/31/23	12/31/22
<b>Assets</b>		
Investments	\$ 2,009,684	\$ 1,908,275
Cash and cash equivalents	83,473	125,258
Reinsurance recoverables on losses	506,254	504,725
Prepaid reinsurance premiums	30,113	28,232
Premiums receivable	13,551	16,846
Income taxes recoverable	4,425	4,568
Other assets	3,127	3,609
<b>Total assets</b>	<b>\$ 2,650,627</b>	<b>\$ 2,591,513</b>
<b>Liabilities and policyholders' surplus</b>		
Reserves for losses and loss adjustment expenses	\$ 1,289,301	\$ 1,178,465
Unearned premiums	135,961	194,382
Reinsurance premiums payable and funds held	2,293	2,364
Net deferred tax liability	31,280	24,717
Policyholder distributions payable	-	25,000
Accounts payable and accrued expenses	17,009	18,513
<b>Total liabilities</b>	<b>1,475,844</b>	<b>1,443,441</b>
<b>Policyholders' surplus</b>	<b>1,174,783</b>	<b>1,148,072</b>
<b>Total liabilities and policyholders' surplus</b>	<b>\$ 2,650,627</b>	<b>\$ 2,591,513</b>

## Statements of Income YTD

(Expressed in Thousands of U.S. Dollars)

	3/31/23	3/31/22
<b>Underwriting revenue</b>		
Net premiums earned	\$ 80,431	\$ 61,665
Other underwriting income	(64)	236
<b>Total underwriting revenue</b>	<b>80,367</b>	<b>61,901</b>
<b>Underwriting expenses</b>		
Net losses and loss adjustment expenses	94,578	90,538
Policy acquisition costs	536	879
Administrative expenses	4,370	3,982
<b>Total underwriting expenses</b>	<b>99,484</b>	<b>95,399</b>
Income (loss) from underwriting	(19,117)	(33,498)
Investment income (loss)	52,534	(62,788)
Income (loss) before income taxes	33,417	96,286
Income tax expense (benefit)	6,706	(20,638)
<b>Net income (loss)</b>	<b>\$ 26,711</b>	<b>\$ 75,648</b>



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

	3/31/2023	12/31/2022
Policyholders' surplus, beginning balance	\$ 1,148,072	\$ 1,248,011
Net income (loss)	26,711	(99,939)
Policyholders' surplus, ending balance	\$ 1,174,783	\$ 1,148,072

*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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