

# MEMBERS REPORT JANUARY 2024



**2023 Year in Review**



**EIS PAC Conference**



**Claims Department Update**

**WELCOME TO THE TEAM**

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**Stepping up for Education**



**Q3 2023 Financials**



**EIM Anniversaries**





**Tommy Bolton**  
President and  
Chief Executive Officer

## REVERTING TO THE MEAN

The theory of “reversion to the mean” posits that historical events gradually move toward a long-term mean. Consistent with this theory, there may be individual events or singular outcomes that fall well above or below an expected outcome, but over time the cumulative average of these events will reflect more closely the expected mean.

The theory is applicable to many scenarios ranging from the economy, financial markets, or average return with a given set

of data and certainly includes excess of loss insurance.

For many years we have communicated that EIM expects to underwrite to a 100% combined loss ratio comprised of a 94% net loss ratio and a 6% expense ratio. EIM’s investment return would then produce the positive or negative contribution to policyholders’ surplus. The understanding is that results will fluctuate from the defined mean in any given year but are expected, over time, to perform at or near our targeted underwriting, loss, and investment goals.

In 2022, EIM achieved a net combined ratio of 84% and a negative 8% net investment return of \$153 million resulting in an after-tax drop in policyholders’ surplus of \$100 million to \$1,148 million. The company has fared better in 2023 with a projected 8.5% investment return offset by a deterioration in the net combined loss ratio to 123%. The loss ratio deterioration is attributable primarily to increased incurred but not reported (IBNR) loss projections on prior loss year estimates and higher expected losses in the current year. When combined, these factors are expected to increase policyholders’ surplus by \$86 million, or 7.5%.

The 2022 and 2023 results represent a snapshot of EIM’s more than 35-year performance history. While performance elements in any given year may be outside expected outcomes, the historical performance has shown that, over time, they will average out to our target or mean levels.

EIM’s loss ratio has averaged 108% and 93% over the last five and ten years, respectively. Within those five and ten-year periods, the loss ratio has been as high as 137% and as low as 59%. Similarly, investment return over the last five and ten years has averaged 5.4% and 4.8%, respectively. Yet individual years within these time periods has ranged from a high of 12.4% to a low of negative 8%. Both examples support the notion that, while volatility may emerge in any given year, historical performance will trend toward the mean.

We must remember, however, reversion to the mean is not a reflexive principle. It requires constant attention to the underlying data and accompanying assumptions that support the calculation of targeted performance. For that reason, EIM regularly monitors its key performance areas of underwriting, claims and investments and routinely assesses its strategic direction to ensure that goals are relevant, measurable, and achievable.

## UNDERWRITING/CLAIMS

We continue to see frequency in our reported losses, driven by both economic and non-economic inflation adversely impacting ground-up losses and lifting them into the EIM excess layer. Steps taken in 2023 to manage this trend have included imposing sub-limits on wildfire exposure and price increases, mainly in the general liability portfolio. As the formal announcement reprinted on page 4 of this Members Report highlights, member company exposure to wildfire losses has increased in frequency and size, requiring EIM to limit capacity to \$25 million in Western states and \$50 million in remaining jurisdictions. While the causes of wildfire frequency and severity continues to be debated, the practical reality is that losses have been incurred by power producers, transmitters, and distributors. Causation and remediation may be the subject of ongoing discussion, but losses are here now and are being paid. It is in the best interest of all EIM members to prudently manage wildfire risk and attendant loss exposures.

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# 2023 YEAR IN REVIEW (continued)

The gradual shift in the membership's risk profile as it slowly shifts upward in terms of attachment points, with over 40% of what EIM considers higher risk (IOUs, midstream, gas) members now attaching excess of \$35 million on general liability coverage may also dampen the frequency and/or severity impact to EIM.

Despite our underwriting and claims challenges, we continue to see a robust new business pipeline with 48 new business submissions received in 2023. Fifty percent of these submissions were bound, generating more than \$7 million in premium. Our goal is to continue to prudently build EIM's underwriting portfolio in response to member needs and in a manner consistent with the overarching commitment to a resilient capital base.

## FINANCIAL

Notwithstanding a volatile investment market, ongoing pressure on the pricing of EIM excess of loss coverages, and the increased frequency and cost of claims, EIM remains financially strong. With policyholders' surplus in excess of \$1 billion, we remain confident that EIM can meet member company covered claim obligations while simultaneously working to sustain a sound capital base from which to write existing excess coverage and, if needed, prudently expand product offerings required by the membership.

Reinsurance has been, and will continue to be, a key component of EIM's financial stability. Given the market-wide phenomenon of increased claim frequency and severity, reinsurance capacity has become more restrictive and expensive. While EIM continues to enjoy longstanding reinsurance relationships, current market conditions have required us to consider alternative program structures, retentions, and aggregate deductibles. Our goal is to ensure an efficiently structured and priced reinsurance program that sustains EIM's ability to offer the lines of business and excess capacity required by members.

Given the volatile investment environment outlook, recent developments in loss activity, including several unexpected large losses from wildfires, EIM has suspended the member distribution in 2023. EIM will look to reinstate the distribution in 2024 depending on the investment environment and claims activity.

## LOOKING AHEAD

EIM has reenergized its strategic plan for 2024 and beyond, with a continued focus on financial stability and meeting the evolving needs of the Membership, such as investments in clean energy. More specifically, the plan targets gross and net combined ratios of 100%, assuring that every dollar spent is used efficiently to pay losses and administrative costs. An increased focus on enhancing member company communication and engagement will be made. Analytic capabilities and technologies will be used to better inform the Company and Membership. EIM will continue to move forward adapting its underwriting portfolio to address frequency and severity trends.

In 2024, premiums will be determined on an account by account basis and will again target a 100% net combined ratio that includes an expense ratio of 6%. Taking advantage of higher interest rates, we have budgeted an investment return of 6%. If these benchmarks are achieved, policyholders' surplus is projected to increase by 7% prior to any distribution.

Insurance, particularly excess of loss insurance, can be very volatile. Consequently, EIM has always managed its capital prudently, anticipating unknown events. History has shown us that even in the face of singular outlying events, however, long-term performance will revert more closely to the expected mean. For that reason, we continue to actively manage annual performance but always with an eye toward long-term results.

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## IMPORTANT EIM ANNOUNCEMENT

### WILDFIRE LIMITS NOTICE December 8, 2023

EIM's mission is to provide its membership with a financially sound organization offering secure and stable long-term insurance. The catastrophic damage and resulting claims from wildfires nationwide far outpace the amount of premium we are able to collect and require us to re-evaluate EIM's exposure to these events. Following significant discussion with the IAC and our board of directors, we will be reducing wildfire liability coverage in 2024 and continuing to evaluate further changes in the future.

As you know, wildfire liability protection has been included in general liability policies since EIM was founded in 1986. It has been our general practice not to limit or remove coverages beyond what is found in the underlying policy. However, wildfires have increased in number, intensity, and duration in recent years, posing challenges to your mutual and to you as a member. These serious events have impacted the market for insurers and reinsurers alike, while creating an outsized impact for your mutual due to the large block of capacity EIM has offered and the finite membership to mutualize the risk. We have explored alternatives and concluded that EIM must collect sufficient premium to sustainably cover the exposure.

In consideration of these critical factors, the following changes will take effect in 2024 when a policy renews:

- Outside Western states and in Canada, reduce the wildfire liability limit to \$50 million.
- In the Western states of Alaska, Arizona, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming, reduce the wildfire liability limit to \$25 million. Coverage in California remains excluded.

We understand the impact and gravity these changes will have and do not make them lightly. We feel this is in the best interest of your mutual but realize this decision does not come without consequences or strain on members that must explore alternatives to address this evolving risk. We remain committed to the mutual concept and will continue to partner with and support you in your efforts solving this through risk management and regulatory solutions.

We realize there will be many questions, please reach out to your underwriter or broker partners should you need further information.



# 2023 EIS PAC CONFERENCE RECAP



**Megan Ogden**  
VP, Chief Operating  
Officer  
Energy Insurance  
Services, Inc.

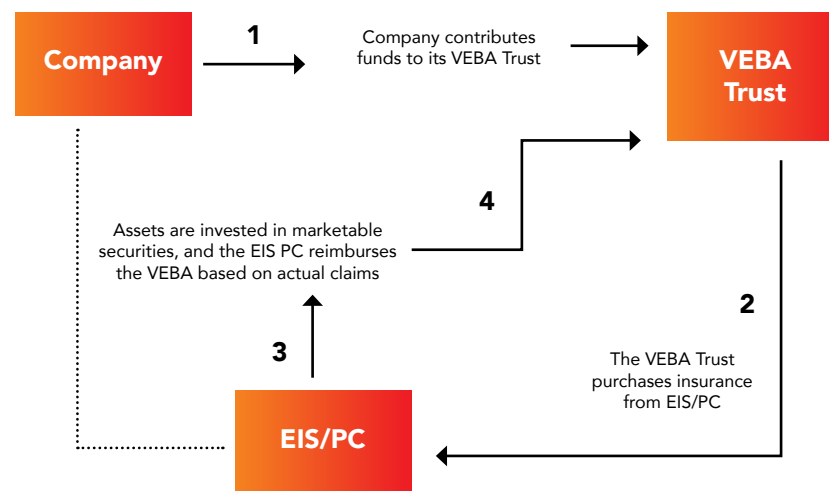
More than 60 participants gathered in Charleston, SC for the Energy Insurance Services, Inc. (EIS) annual Policy Advisory Committee (PAC) conference. In addition to providing updates to individual Mutual Business Program (MBPs) on 2023 protected cell performance, EIS and captive manager, Energy Captive Management, LLC (ECM), hosted a general session for all participants focusing on EIS performance, developments in the captive insurance arena, and current market conditions. The following spotlights key takeaways from the general session.

## 2023 EIS HIGHLIGHTS

The hard insurance market, which has challenged EIM members companies over the last three years, has proven EIS' value proposition as MBPs have prudently retained more risk in the face of rising insurance rates, prompting a \$23 million (24%) increase in 2022 net premium written. This growth is organic rather than reflective of rate increases. In addition, EIS added two new MBPs in 2023, bringing the total active MBPs to 21, up over 20% since 2020. MBP 38 was formed to access the reinsurance wildfire market due to pricing and capacity constraints. MBP 39 is currently writing excess coverage between the AEGIS and EIM layers.

Consistent with its commitment to provide cost-effective captive solutions, EIS has continued to provide MBP management fee credits while also adding staff thereby gaining greater efficiencies in protected cell administration. In addition, on-line capabilities to share MBP policy level detail, investment portfolio performance, and claims administration activity are in progress for the SAGE, Intacct and EPIC systems.

A prime example of the value added by EIS is MBP 15, a protected cell formed in 1996, writing reimbursement policies for retiree medical plans. As outlined in the schematic, below, a member company or companies form a Voluntary Employees' Beneficiary Association (VEBA) plan which purchases and holds in trust a Non-cancellable Accident and Health policy issued by EIS. Because VEBA's are separate taxable entities established for the benefit of employees which cannot revert to the employer, they are treated as life insurance for tax purposes and serve as a long term stop loss that covers pre-65 and post 65 medical and prescription drug costs.



Because of the tax favored employee benefits pre-funding mechanism offered by VEBA's, participating MBP members have saved millions over the last 25 years.

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## **SOUTH CAROLINA DEPARTMENT OF INSURANCE – COMMITMENT TO CAPTIVE INSURANCE**

In 2006, EIS moved from Bermuda its current South Carolina domicile after extensively researching various captive jurisdictions in the United States. That decision, more than 17 years later, has proven mutually beneficial to both EIS and the state of South Carolina.

Joseph McDonald, Director of Captives, from the Captive Division of the South Carolina Department of Insurance (SCDOI) provided an update on SCDOI activities over the last 12 months. With over 420 licensed captive holding \$3.7 billion in capital and surplus and writing \$3.2 billion in premium, the SCDOI is committed to maintaining its position as one of the nation’s premier captive domiciles. The Captive Division continues to highlight stability, excellence, and autonomy to foster strong regulatory relationships with captive insurers licensed in the state.

Joe confirmed EIS’s strong relationship with the SCDOI through constant communication and collaboration. EIS and the SCDOI meet at least annually to discuss financial results, MBP business and current trends in the captive and energy industries. EIS remains the gold star of captives in the South Carolina domicile.

## **INVESTMENT MARKET CONDITIONS**

Ralph Evans, Senior Vice President, Wealth Management Advisor, and Global Institutional Consultant at Merrill Lynch Wealth Management, and long-time advisor to many EIS PACs, provided an update on investment market conditions.

Describing the market environment as “overcast – not raining and not sunny,” Ralph noted that choppy market activity, driven by both headwinds and tailwinds, has delivered a subtle upward drift in markets, but endorsed a balanced tactical portfolio strategy for the near future. Headwinds include slower growth for China and Europe, negative signals

from leading economic indicators, and heightened geopolitical risk countered in part by a resilient economy, a move toward lower inflation, and a healthy job market. These dynamics suggest a conservative approach to investment portfolios in the near term.

Carl Terzer, Principal with CapAdvisor Associates, LLC, then addressed the group on strategic asset allocation, highlighting the relative importance of asset class selection, market timing, and asset selection, with asset class selection predominating. Key analytical processes include enterprise risk management along with asset and liability management to correlate investment activities with underwriting risk. As captive entities mature and develop a more robust historical performance database, investment decisions can broaden to embrace greater risk in the face of greater underwriting certainty.

Overall, PAC representatives were encouraged to maintain a conservative approach to MBP investment portfolios.

## **BANKING UPDATE**

Jeff Spicer, Director/Lead Relationship Manager for Commercial Banking at Wells Fargo, EIM’s primary banking partner provided an overview of security trends focused on minimizing security breaches. These trends included reducing reliance on passwords for remote access activities, ensuring the security of third-party vendors, expanding the cybersecurity workforce, slowing the growth of cybercrime, and highlighting the potential for AI-driven cyber threats.

Jeff noted that as part of its banking relationship with Wells Fargo, EIS has implemented numerous controls and processes to minimize potential fraud. These steps include positive pay, payee validation, and maximum limits for checking transactions, along with ACH fraud filters

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that require preauthorization for ACH debits. In addition, bank accounts are reconciled daily and monitored for account activity while login credentials are tightened and monitored for the Wells Fargo portal. Jeff also noted internal controls in place at EIS including dual custody procedures and verbal verifications to confirm requests.

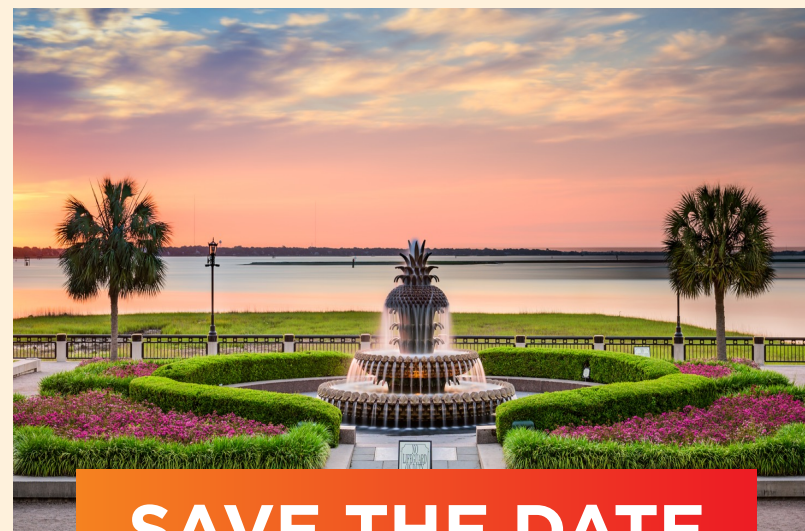
Overall, safeguards like multi-factor authentication, account monitoring, alert services, routine updating of anti-virus software, and fraud awareness training can help protect your business.

## ACTUARIAL SUPPORT

Legare Gresham, EIM's Actuarial and Analytics Leader, provided an overview of the funding analysis that takes place prior to formation of an MBP. Considerations include anticipated premium based on expected losses plus a risk margin (the additional capital required over and above the expected cost of claims) and expenses. Data required to undertake this analysis includes loss history, exposure parameters, and line of business.

Legare also outlined reserving estimates for MBPs which includes known claim estimates (claim reserves) and unknown losses (incurred but not reported losses), as well as the impact reinsurance can have on net reserves.

Overall, it was another successful conference that helped build momentum for existing MBP members and for those interested in creating their own alternative risk solution. EIS and ECM are looking forward to seeing everyone at the 2024 annual conference.



# SAVE THE DATE

## EIS PAC Annual Conference October 28-31, 2024

### The Mills House Hotel Charleston, SC

All EIM members are welcome



# CLAIMS ADMINISTRATION WHEN BETTER IS BEST



**Cindy Dobbins**  
Vice President  
Chief Claims Officer  
Energy Insurance  
Mutual

We often hear how organizations strive to be “best” - a superlative defined as “the most excellent.” This definition implies, however, that there is no further room for improvement; it reflects the end of the journey, so to speak. “Better,” on the other hand, connotes a continuous voyage marked by an ongoing commitment to advancement and development that never accepts today’s position as the final step in the quest. While “best” is a laudable outcome, it is the pursuit of “better” that captures EIM’s commitment to continuously enhancing the claims handling administration process for our members.

There is little doubt that the claims arena in the energy industry has transformed dramatically over the last three decades and that changes have accelerated over the last five years. Shifts in weather patterns, demographic transitions in population growth and density, and evolving legal precedents, along with numerous other factors, have prompted an increase in size and frequency of property and liability claims impacting EIM members. EIM has adapted to this evolving claims landscape by implementing changes to claims administration, striving to work more closely with members in the timely resolution of losses. This means committing more internal resources to the claims process, improving data analytics to better predict claim trends and more quickly respond to emerging risks, and capitalizing on new technologies to make claims administration as efficient and effective as possible.

## PARTNERING WITH MEMBERS

As claims become more frequent and sizable, EIM has recognized and taken steps to work closely with members to help identify and manage potential claims more quickly. We are committed to maintaining an ongoing dialogue with members that will include a claims-focused newsletter designed to highlight early defense analyses, outline the

benefits of mock trial exercises (with planning in progress for a Webinar on mock trials), review mediation strategies, and outline deposition preparation.

We are also working to further automate the claim reporting process to streamline and standardize first notices of loss. This will not only ensure that first notices are formally entered into the EIM claims system, but also will also trigger preliminary discussions regarding the nature and scope of the reported claim.

In-person meetings with members will also continue, with 8-10 meetings targeted for 2024. In addition, we will take the opportunity at industry conferences throughout the year to have specific claim discussions with members. The goal is to maintain a regular dialogue with members who have experienced claims and to seek timely resolution of covered losses.

## EIM RESOURCES

As claims activity has increased, EIM has expanded the claims department, adding two claims attorneys and a paralegal. With 20 Category 3 (indemnity and expense reserve established) and 43 Category 2 (expense reserve only) claims currently pending, EIM is committed to seeing that these claims are properly monitored and resolved. In addition, the 515 outstanding precautionary Category 1 claim notices will be regularly reviewed and assessed for potential development into Category 2 or 3 claims.

EIM currently has a strong panel of outside monitoring counsel that is called upon on a regular basis to help assess exposure. In addition to evaluating the efficiency and effectiveness of EIM’s outside counsel, we will also take advantage of their respective areas of expertise, mining what is a valuable repository of legal knowledge, research, and experience to develop and share with members a broader and deeper understanding of emerging energy-related risk management issues.

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## NEW TECHNOLOGY

The increase in excess claim frequency has provided EIM with substantially more data points from which to better analyze and understand claim incident, development, and exposure trends. This analysis should better position EIM to work with members to identify and implement risk management strategies to reduce the probability of loss occurrences. Tools such as Microsoft's Power BI, an interactive data visualization software product focusing on business intelligence, will provide a more robust analytic platform to compile, categorize, and study key claims data.

Moreover, working with EIM's in-house actuarial resources, we will be able to statistically evaluate claim data, either by individual member or across specific portfolios of business to better inform members regarding the stochastic characteristics of losses, both historical and upcoming.

The evolution of artificial intelligence (AI) has the potential to streamline EIM's claims administration process by automating time consuming manual tasks and enhancing the speed and accuracy of processing and reporting. In addition, by using advanced statistical algorithms, AI has the potential to analyze large data sets to provide predictive analytics forecasting future events or trends. It may also be possible to assess the severity and complexity of individual claims enabling EIM to prioritize and highlight specific losses requiring immediate attention.

## BETTER IS BEST

Amidst the ongoing initiatives designed first and foremost to address and resolve member company covered claims, EIM recognizes that the evolving claims environment requires constant assessment and, where necessary, change. We have successfully adapted over the almost four decades that EIM has served its membership and will continue to seek out and embrace change to best serve our members.

The process of continuous improvement is never ending, but we are certain that EIM will get better with each step forward. For us, better is best.

# SEE YOU IN TAMPA



## 2024 Risk Managers Information Meeting

March 24-26  
Tampa, Florida  
JW Marriott • Tampa

Learn more about the event including registration, hotel, event agenda, and optional activities can be found [at this link](#).



# CELEBRATING 30 YEARS JILL DOMINGUEZ



The year was 1993. Whitney Houston's "I Will Always Love You" was topping the pop charts while the original Jurassic Park reached number one at the box office. Gas was \$1.16 a gallon and a loaf of bread cost 75 cents. The Internet was made open and free to the public, laptop computers were just coming to market, and there was no such thing as Wi-Fi.

It was also the year that Jill Dominguez joined EIM as a Senior Underwriter and Account Executive, joining a staff of three in the underwriting department to serve EIM's then 131 member companies. Amazon was a year away from creation. Google would not be founded for another five years. It was more than a decade before Facebook came into existence and email was not yet a concept at EIM!

Four EIM Presidents and CEOs later, Jill celebrated her 30-year anniversary with EIM as its Vice President - Chief Underwriting Officer, overseeing a staff of eight that annually oversees \$400 million in gross written premium. As the longest tenured employee in EIM's history, it's safe to say that Jill has seen a great deal of change in the world over the last three decades. It's equally clear that she has inspired significant change within EIM as well. After assuming responsibility for EIM's underwriting activities in 1999, Jill helped build a first-rate underwriting team and worked to design and implement an outstanding underwriting information technology platform. She helped launch EIM's property and cyber products, along with additional Excess General Liability limits, all designed to meet needs expressed by EIM's members. During her career, she also had a hand in writing some of the EIM RMIM video scripts (but will only take credit for the funny ones).

A member of the senior management team, Jill also sits on the enterprise risk management committee, information technology task force, corporate governance committee, and coordinates EIM's Insurance Advisory Committee quarterly meetings.

Jill's responsibilities are not limited to EIM's day to day operations. She was one of the original proponents of the Energy School and is its coordinator and liaison with Florida State University. The Energy

School is a bi-annual week-long gathering of industry risk managers, academics, and subject matter experts jointly sponsored by industry mutual insurers AEGIS, EIM, NEIL, and Everen. The School's curriculum provides a forum to share ideas and learn about new developments in the energy industry. One of the most valuable take-aways is the network of people that is built by sharing the Energy School experience.

She enjoys building new networks and serving others. She was part of the small group of women that eventually became the Women and Power and Utilities group. The group holds quarterly networking meetings that include education, entertainment, and opportunities for women to advance their careers in the power and utility communities.

Also, in recent years, she enjoyed serving on the Florida State School of Risk Management Executive Council from 2014-2021.

Jill is quick to point out the culture at EIM has made working there over the long-term very rewarding. "EIM has always been like a family with a shared commitment to our members, focused on the primary goal of delivering exceptional products and services."

A few years ago, a senior EIM manager once had the misfortune of referring to Jill's then "quarter century of employment at EIM" while introducing her at a meeting in London. After the meeting, Jill calmly advised the offending colleague that "quarter of century" made her sound ancient and that if the reference continued, she would point out that he was "more than a half century old." Later introductions referenced the "long-tenured, seasoned underwriter!"

The world has changed a great deal since 1993 but, thanks to Jill's efforts as a dedicated and focused team member, so has EIM. Whether it is "thirty years," "three decades," or "one score and ten," we cannot thank Jill enough for all that she has contributed to EIM.

**Congratulations and thank you!**



## WELCOMING NEW HIRES

### CELEBRATING 10 YEARS DANIEL NELSON



Congratulations to Daniel Nelson on his 10-year anniversary with EIM. He joined EIM in December 2013 and reports that he “remembers his first day with the company like it was yesterday.”

As EIM’s Manager, Information Technology, Daniel has been a part of many advances in the IT department. Most recently, he has focused on the enhanced security of EIM systems, expanding and strengthening system controls, and reducing vulnerabilities. He has also worked to automate system maintenance using Qualys, which has proven to be a significant time saver.

While reflecting on the numerous advances in EIM’s IT capabilities over the last ten years, Daniel looks forward to implementation of new technologies on the horizon, including the use of artificial intelligence (AI). He sees many and varied uses for AI including but not limited to automation of routine processing functions as well as compiling and analyzing data in the underwriting and claims areas.

“It has been a wonderful journey over the last ten years.” says Daniel, “The same qualities that attracted me to EIM – good people, comfortable work environment, and quality products and services – are still here today.”

**Congratulations to Daniel and many thanks for all his contributions to EIM over the last decade.**



### WELCOME TANNER MCANDREW

Tanner McAndrew joined EIM in November 2023 as Vice President of Risk Management and Corporate Strategy. In this newly created position, Tanner oversees risk across the Company and spearheads EIM’s strategic planning efforts, both areas that are essential to EIM’s ongoing mission of supporting the membership’s risk management needs and emerging clean energy goals.

With an extensive insurance, finance and risk management background encompassing his more than 15 years in the energy industry, Tanner most recently served as Director, Insurance & Risk Management at Tallgrass Energy. There he oversaw multiple business functions including enterprise risk management, insurance program design and purchasing, claims, and business continuity. Before Tallgrass, Tanner was a Vice President with Lockton Companies, where he provided strategic risk support to power, renewables, and energy clients on their path to energy transition.

While an undergraduate at Washburn University, Tanner began a 13-year career at Evergy, Inc. (formerly Westar Energy) as an intern where he gained exposure to internal audit, risk management, and finance. After receiving his Bachelor of Business Administration, Finance and, later, a Master of Business Administration, he ultimately served as Manager, Risk & Insurance and Manager, Quantitative Analytics at Evergy, capitalizing on his broad-ranging experience in enterprise risk, claims, finance, and stochastic analysis.

“I am fortunate to have spent all of my professional career working with energy companies and can appreciate the challenges they face as they analyze risk, design risk management strategies, and implement those strategies in the insurance marketplace,” notes Tanner, who is looking forward to melding his industry experience with EIM’s excess insurance and alternative risk solutions.

Tanner and his family, wife Heather, and two children Beckham (6) and Dempsey (6 months) are looking forward to the move from Topeka, Kansas to Tampa as an adventure that will get them to warm weather, renowned beaches, and year-round outdoor activities.

**Welcome to the McAndrew clan!**





## WELCOME DESTINY PILCHER

In June 2023 EIM welcomed Destiny Pilcher as a Claims Paralegal responsible for coordinating initial loss notices and supporting claims department attorneys on pending

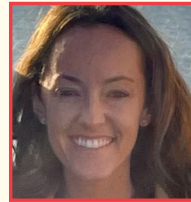
Category 2 and 3 claims. Destiny came to EIM from Banker Lopez Gassler P.A., a Tampa law firm with, among other practice areas, a focus on insurance defense.

A graduate of Florida State University with a bachelor's degree in political science and criminology, Destiny also maintains an interest in politics. She founded and was President of Women in Government at Florida State and was an intern for Fentrise Driskell, currently Minority Leader of the Florida House of Representatives. While still following state and local politics, Destiny has found that the new role at EIM and her volunteer work with Florida's Statewide Guardian ad Litem Office as a child welfare advocate keeps her more than busy. But she doesn't rule out the possibility of reentering local politics at some future date.

Although she didn't have an extensive background in energy-related claims, Destiny was intrigued by EIM's mutual insurance business model and the relative complexity of the member company loss scenarios. With the help of EIM staff, she has quickly gotten up to speed and enjoys the collaborative work environment.

What Destiny hasn't had to adjust to is the benefits of living in the Tampa Bay area. As a Tampa native, Destiny is familiar with and takes full advantage of Tampa's weather, beaches, restaurants, and sports.

**We are glad to have Destiny on board and welcome her to EIM.**



## WELCOME MARCIE HENDERSON

Marcie Henderson joined EIM in June 2023 as a Claims Associate responsible for managing precautionary (Category 1) casualty and all Property claims. She comes to EIM after seven years at United Services Automobile Association (USAA) in Tampa, Florida where she served as a Senior Injury Adjuster.

While the move from personal lines carrier USAA to an energy industry mutual has involved somewhat of a learning curve, Marcie has been extremely appreciative of the helpfulness, insights, and professionalism of the EIM staff as she learns the intricacies of the energy industry and excess of loss insurance. She notes that, "While USAA sees a high volume of claims, many of which are for relatively small amounts, EIM sees fewer claims, but for significant loss amounts." This difference makes her appreciate the importance of the claims administration process for EIM members. But, with both USAA and EIM operating as mutual insurers, the member focus aspect of EIM's business is well aligned with her training and experience at USAA.

During the interview process, Marcie was struck by the positive attitude of those she spoke with at EIM as well as the collegial work atmosphere where everyone works together toward the common goal of member satisfaction. She looks forward to meeting other claim professionals at industry conferences and getting to know member company risk managers at the March 2024 Risk Managers Information Meeting.

Marcie grew up in Florida, raised on a farm in Ocala, with three sisters and a brother. After graduating from the University of South Florida with a B.A. degree in Communications, she began working for USAA where she spent time with the USAA training group, coaching incoming employees in areas such as operational effectiveness, the USAA member experience, and turning business objectives into demonstrable results – all good concepts that are consistent with EIM's approach to business.

Having grown up on a farm, Marcie still enjoys hunting and fishing, particularly with her dad. She is also an avid hiker who has completed portions of the Appalachian Trail in Virginia and spent time trekking in Yellowstone National Park. Marcie is a devoted "Swiftie" who was disappointed when she couldn't attend Taylor Swift's most recent concert at Tampa's Raymond James Stadium but concedes that she just needs to "Shake It Off."

**Welcome Marcie!**



# WELCOMING NEW HIRES (continued)



## WELCOME ALEC CRAMER

Alec Cramer joined EIM as a Senior Underwriter in November 2023 where he will focus on the company's General Liability portfolio. While originally intending to focus on biomedical engineering in college, Alec was intrigued by the finance courses he took at Florida State University and ultimately changed his major. Having worked at Brown and Brown Insurance as well as McGriff,

Seibels and Williams before graduating from Florida State, Alec was familiar with insurance and considered pursuing a career in the field. Adding to his familiarity was the fact that his dad spent much of his career as a personal lines agent for Liberty Mutual.

After graduating from Florida State in 2016 where he received a Bachelor of Science degree in Finance with a minor in Economics, Alec entered the Travelers Insurance Company training program in Houston, Texas, focusing on the oil and gas sector. Five years later, seeking to broaden his underwriting skills, he accepted a position as Energy Senior Underwriter at Liberty Mutual's Houston office.

While Alec and his wife, Pierce enjoyed Houston, both have their roots in Florida, having grown up in Tallahassee and Tampa, respectively, and meeting one another at Florida State. In fact, they were married in April 2023 at Sunken Gardens in St. Petersburg (where his in-laws now live). When Alec received an inquiry about his possible interest in the EIM position, both were excited about the opportunity to return to friends and family in Florida.

As someone who has always been client focused, Alec says he was impressed by EIM's mutual insurance model and its dedication to member companies. In addition, he welcomed the opportunity to work collaboratively with EIM members on the unique and complex risk management issues confronting the energy industry. It looked to Alec like a "win-win" situation all around.

So, when he was offered and accepted the position at EIM, Alec and Pierce jumped into their car with their schnauzer, Scout, and headed east on I-10 for the 16-hour drive "back home" to Tampa. And we're glad they did.

**Welcome Alec, Pierce and Scout!**



## STEPPING UP FOR EDUCATION

EIM has annually availed itself of state legislation allowing Florida's business taxpayers to earn dollar-for-dollar tax credits while funding K-12 scholarships for children with financial need. The program provides dollar-for-dollar tax credits to companies that redirect certain Florida tax liabilities to Step Up for Students, a state-approved Scholarship Funding Organization (SFO). The redirected tax dollars fund education scholarships for lower-income Florida children in kindergarten through 12th grade.

In 2023 EIM was able to redirect \$24,000 in state tax liability to provide a Florida Tax credit scholarship to a Jacksonville high school student seeking a more challenging high school curriculum to enhance her path toward a college education.

EIM has redirected more than \$100,000 to the Step Up for Students program, providing greater opportunities for advanced learning for Florida students.

According to EIM's President and CEO, Tommy Bolton, the company is stepping up for education and making a difference, "One Step for Students" at a time.



# Q3 2023 FINANCIALS

As of and For the Period Ending September 30, 2023

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

	09/30/23	12/31/22
<b>Assets</b>		
Investments	\$ 2,032,083	\$ 1,908,275
Cash and cash equivalents	181,007	125,258
Reinsurance recoverables on losses	437,795	504,725
Prepaid reinsurance premiums	26,959	28,232
Premiums receivable	13,090	16,846
Income taxes recoverable	623	4,568
Other assets	3,459	3,609
<b>Total assets</b>	<b>\$ 2,695,016</b>	<b>\$ 2,591,513</b>
<b>Liabilities and policyholders' surplus</b>		
Reserves for losses and loss adjustment expenses	\$ 1,290,798	\$ 1,178,465
Unearned premiums	202,679	194,382
Reinsurance premiums payable and funds held	2,593	2,364
Net deferred tax liability	20,907	24,717
Policyholder distributions payable	0	25,000
Accounts payable and accrued expenses	16,122	18,513
<b>Total liabilities</b>	<b>1,533,099</b>	<b>1,443,441</b>
Policyholders' surplus	1,161,917	1,148,072
<b>Total liabilities and policyholders' surplus</b>	<b>\$ 2,695,016</b>	<b>\$ 2,591,513</b>

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

	09/30/23	09/30/22
<b>Underwriting revenue</b>		
Net premiums earned	\$ 227,741	\$ 209,267
Other underwriting income	(122)	225
<b>Total underwriting revenue</b>	<b>227,619</b>	<b>209,492</b>
<b>Underwriting expenses</b>		
Net losses and loss adjustment expenses	260,049	154,205
Policy acquisition costs	1,787	1,883
Administrative expenses	9,771	9,229
<b>Total underwriting expenses</b>	<b>271,607</b>	<b>165,317</b>
Income (loss) from underwriting	(43,988)	44,175
Investment income (loss)	57,968	(230,447)
Income (loss) before policyholders' distribution and income taxes	13,980	(186,272)
Distributions to policyholders	-	-
Income tax expense (benefit)	135	(42,529)
<b>Net income (loss)</b>	<b>\$ 13,845</b>	<b>\$ (143,743)</b>



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

	09/30/2023	12/31/2022
Policyholders' surplus, beginning balance	\$ 1,148,072	\$ 1,248,011
Net income (loss)	13,845	(99,939)
Policyholders' surplus, ending balance	<u>\$ 1,161,917</u>	<u>\$ 1,148,072</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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