

# VIEW ON THE CREEK

Quarterly Newsletter from Energy Insurance Services, Inc., Volume 4, Issue 2

June 30, 2020



## In this Issue:



View from the Corner



Captive Optima



Focus on Benefits



Operational Considerations



EIS Financials & Operations

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## View from the Corner (Good-bye Corner, Hello Creek!)



Since our last newsletter, several changes have occurred:

- Megan Ogden hired to replace Jeff Tkacz
- EIS/ECM office moved to new quarters
- Our “view” is temporarily from home

**Megan Ogden** joined our staff as Controller of ECM, replacing Jeff Tkacz who was promoted to CFO of EIM. Megan comes to us from Marsh Management Services, Charleston. She is a CPA with public accounting experience before joining Marsh in the Cayman Islands to begin her career in captive management in 2004. After ten years with Marsh, Megan and her family moved to South Carolina in 2014 where she opened the JLT Insurance Management office and served as a Senior Account Executive and its US Chief Operations Officer until Marsh’s acquisition of JLT.



Her captive experience includes most industry sectors including energy and all forms of captive structures including protected cell or sponsored captives. Megan received her B.A. in Accounting from the University of Alabama and holds her CPA designation from North Carolina. Presently, Megan is serving as Chairman and Director of the South Carolina Captive Association.

**Our move** to Mt. Pleasant is somewhat complete except for the unpacking of file boxes, supplies, etc. and final arrangement of office furnishings. The new address is

**410 Mill Street, Suite 401  
Mt. Pleasant, SC 29464**

With this address change, as you may have noticed, we are changing the newsletter’s name to **VIEW ON THE CREEK**. This references our proximity to Shem Creek, a vibrant blended area of Mt. Pleasant’s

commercial and recreational scene that captures the mystique of the South Carolina Lowcountry environment.

**Working from home** (along with all our associates, colleagues, service providers and participants) has introduced us to Zoom, MS Teams and other means for virtual face-to-face visits and meetings. Even with the change in scenery, we remain as productive as ever during our work-from-home mode. Planning for our return to the office environment is underway, and we look forward to returning once we can do so safely. One of those little details is having masks on hand, and we just got our supply of EIS masks, thanks to Jill Dominguez, Jane Murphy and Katie Imm in Tampa. We will wear them proudly (and yes, if you noticed, it has been a while since my last haircut).



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## Captive Optima



Hamlet's soliloquy asks the oft quoted question "*to be or not to be?*". Shakespeare portrays Hamlet in this tragedy considering perhaps the unthinkable in rational thought with a dire consequence at hand.

This is not to suggest that utilization of a captive is a tragedy, but to adapt this question to ask "*to have a captive or not?*" can present a challenge of dealing with risk financing that over time that may prove to have substantial consequences.

When done well (using *rational* risk management practices and modeling methods), a captive insurance solution can create value for an owner or participant by meeting tactical challenges and contributing to the participant's strategic mission.

Many, if not most, captives are established as a tactical response to an immediate problem faced by a risk manager. As EIM Members face an ever hardening and harsh insurance market, now is the time to explore how a captive solution may be deployed to meet tactical challenges.

Over time, with attentiveness to underwriting and investment risk, a captive tactical solution will evolve into a strategic advantage for many companies.

### CAPTIVES

- C – CONTROL OF RISK FINANCING
- A – ADAPTABLE TO UNIQUE NEEDS
- P – PREMIUM STABILITY
- T – TACTICAL ALTERNATIVE
- I – INNOVATIVE TOOL
- V – VALUE CREATOR
- E – EFFICIENCY DRIVEN
- S – STRATEGIC PLATFORM

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## Focus on Benefits



Do you remember the EIS initiative with the Department of Labor? This initiative seeks an Advisory Opinion Letter to provide certainty under ERISA regulations that insuring employee benefits in a dedicated protected cell will not be construed as a "prohibited transaction" and that the assets of the cell will not be treated as "plan assets." This will enable our participants to write benefit insurance coverage in EIS with certainty that they will not need to file for an exemption under ERISA's prohibited transaction rule.

Last year, we were advised that our inquiry had finally arrived on the desk of the decision maker at the Undersecretary level of the DOL and was supported by a positive recommendation by DOL staff.

Unfortunately, the DOL has been as lethargic as ever since then. About six months ago, we decided to put a hold on “pushing” the issue with the DOL. We now deem it opportune to, again, move aggressively to bring our proposal to a finality.

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## Operational Considerations



One of the many consequences of the COVID-19 pandemic is that large group gatherings and meetings have been and may well continue to be restricted. Due to this situation as well as woes associated with travel, we have all had to face the complication and general uncertainty of the level of infection and changing complexion of outbreaks in different areas across the country. After due deliberation, EIM is postponing many activities that require our Members to travel.

As such, EIS will be conducting the 2020 EIS Program Advisory Committee (PAC) Meetings and Conference via an online platform where our Participants can meet virtually with EIS and ECM staff. We are working out the details on the format and time slots for the individual PAC meetings.



Additionally, Taniyka Ragland is exploring options to provide subject matter expert presentations to be available via a live broadcast and/or on-demand.

For now, we appreciate your understanding and flexibility as we work to bring a virtual PAC Meeting to you in October or early November.

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## EIS Financials



### Energy Insurance Services, Inc. General Account - Key Financial Data

(In thousands)	As of March 31			Full Year		
	2020 Actual	2020 Budget	2019 Actual	2020 Forecast	2020 Budget	2019 Actual
Revenue	\$508	\$486	\$641	\$1,891	\$1,944	\$2,530
Expenses	\$418	\$452	\$389	\$1,840	\$1,824	\$1,691
Surplus	\$4,250	\$4,220	\$3,700	\$4,206	\$4,260	\$4,166

Disclaimer – This publication is for informational purposes only. It is not a solicitation of insurance or management services.

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**EIS Mission Statement – “To provide a facility to meet EIM Members’ dynamic and specific business requirements for the placement and management of alternative risk solutions.”**

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