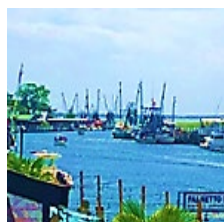


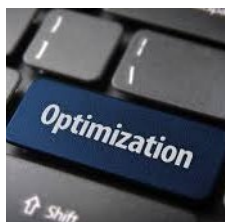


Quarterly Newsletter from Energy Insurance Services, Inc., Volume 7, Issue 2

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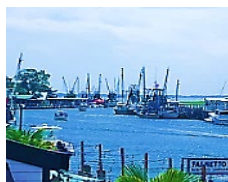


EIS Financials & Operations



Save the Date

View on the Creek



Welcome Monique Branagan

Monique Branagan joined our team on May 22. Monique brings broad experience in finance, technical accounting and reporting, as well as systems operations, to our insurance management service company. Monique has worked in public entity accounting, public accounting and for service companies. She will begin with management of individual MBPs (EIS cells) with a variety of insurance and investment profiles. Monique received a Bachelor's degree in Business Administration from Dowling College, Oakdale, NY.



Please join the EIS/ECM team in welcoming Monique to EIM.

Anniversary Announcements

Please join us in congratulating Kim Jenkins on her eighth anniversary and Megan Ogden on her third anniversary with Energy Captive Management and Energy Insurance Services. Both were in April.

EIS and ECM are poised for the growth that will come to meet the market challenges and new risk financing strategies of EIM Members.

Captive Optima – Parametric Insurance



The National Association of Insurance Commissioners defines parametric insurance (or index-based insurance) as a “type of insurance contract that insures a policyholder against an occurrence of a specific event by paying a set amount based on the magnitude of the event, as opposed to the magnitude of the losses in a traditional indemnity policy”. In a parametric policy, the loss payment is predetermined using certain measurable metrics or thresholds, called triggers, that need to be met for a claim to be paid. If the triggers are met, the parametric policy pays out the predetermined loss amount to the policyholder. Some parametric policies have more than one trigger and some have several triggers depending on the nature of the coverage and the structure of the policy.

Examples of Parametric Risks

- **Climate**
- **Natural Disasters**
- **Cyber**
- **Reputation**
- **Terrorism**
- **Pandemic**



Only a few jurisdictions have regulation specific to parametric insurance policies, so in general they exist under the same regulatory framework as traditional policies. This allows captives to write parametric policies and captive owners to broaden their captive program for emerging risks or risks that have proven difficult to insure through the commercial market.

Advantages

- Elimination of claims adjustment process
- Timely payment of claims
- Stronger disaster response recovery

Challenges

- Basis risk
- Design and pricing of coverage
- Data and metrics quality

Parameter insurance is becoming more of a trend in captive programs with the continued volatility of a hard market as well as the continuing increase in catastrophic natural disasters. Captives have superior understanding of the risk profile of their insured and are in the best position to include parametric insurance in an insurance program.

As parametric insurance grows and matures, an EIS cell is a very valuable tool to design and tailor a parametric policy to bridge coverage gaps that are difficult to insure through a traditional indemnity policy. An EIS cell can be structured to retain the risk of a loss or access the reinsurance market to protect the cell against a catastrophic loss and stabilize solvency.

The flexibility of the regulation around parametric policies and the customization of the coverage opens many opportunities for insurance programs. Please contact Megan Ogden to discuss these opportunities in your insurance program.

EIS Financials



General Account	As of March 31		Year-End		
	2023		2022		2021
<i>In thousands</i>	Actual	Budget	Actual	Budget	Actual
Revenue	\$570	\$540	\$2,049	\$1,954	\$2,002
Expenses	\$402	\$443	\$1,929	\$1,819	\$1,856
Surplus	\$4,700	\$4,663	\$4,586	\$4,609	\$4,503

Save the Date



Our 2023 PAC Conference is scheduled for late October in Charleston, SC. Our signature event brings Program Advisory Committee members and professional associates together to meet and discuss their specific programs. Along with the PAC meetings, a General Session will cover several risk, insurance and captive topics. This is always a great networking opportunity for all program Participants to share ideas with each other and for EIM Members exploring captives and EIS.