



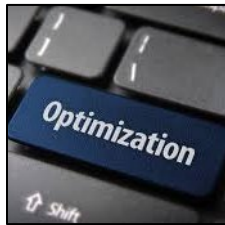
Quarterly Newsletter from Energy Insurance Services, Inc.

Volume 8, Issue 2

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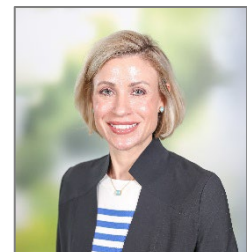
## View on the Creek – Growth in early 2024

Summer is here! As wildfire modeling expands risk across more states and we enter a predicted above-normal activity hurricane season, the reinsurance market is an option to increase capacity and limits in a company's insurance program. EIS has already formed four new cells in 2024. Two of these cells have included reinsurance in their program to gain capacity in the difficult wildfire market.

Do not miss this edition's Captive Optima section. We discuss reinsurance in a captive insurance program and the benefits of reinsurance in an EIS Cell.

### Welcome Jackie Dante

Jackie Dante joined our team on June 3. Jackie brings broad experience in captive insurance management, as well as finance, accounting and systems operations to ECM. Jackie has previously worked as captive manager for Marsh and JLT. She will begin with management of individual MBPs (EIS cells) with a variety of insurance and investment profiles. Jackie received a Bachelor's degree in Accountancy and Business Administration from Western Michigan University.



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

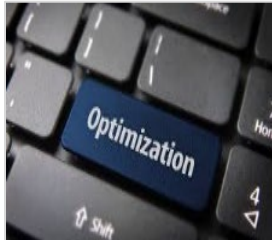
### Top 20 Captive Owners of 2024

Congratulations to Megan Ogden for being voted by her peers as one of the top 20 captive owners for 2024 by Captive Review. Captive Review's top captive owner list highlights "the best and brightest captive owners from across the globe, as voted on by their peers in the captive industry." This acknowledgment would not be possible without the support of the EIS/ECM team and collaboration with EIS's amazing participants.

## Anniversary Announcements

Congratulations to Kim Jenkins on her ninth anniversary, Megan Ogden on her fourth anniversary, and Monique Branagan on her first anniversary with Energy Captive Management and Energy Insurance Services.

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



## Captive Optima – Reinsurance in a Captive Insurance Program

Reinsurance is a contract between an insurance company, known as the insurer or cedent, and another insurance company, known as the reinsurer, that allows the insurer to transfer some of its financial risk to the reinsurer. The reinsurer then assumes all or part of one or more of the insurer's insurance policies. Captive insurance companies can provide access to the reinsurance market, using a variety of reinsurance mechanisms to provide coverage and reinsurance can be an important element of a captive insurance program.

EIS participants utilize reinsurance for a variety of reasons. Traditional reasons include the following:

- Stabilization of profitability
- Provides large limit capacity
- Catastrophe protection
- Supports high growth in premium volume
- Provides help with the underwriting process
- Facilitates withdrawal from a specific risk or line of business



However, the strategy of a captive owner/participant is basically driven by two financial aspects:

### Insurance Capacity

### Surplus Protection

Insurance capacity helps create new limits or add additional limits beyond the financial ability or the risk tolerance of the captive owner or participant by the line of business. How reinsurance is accessed and applied to execute this strategy varies. EIS participants have deployed reinsurance in several different ways to achieve insurance capacity.

- Facultative reinsurance – single policy
- Treaty reinsurance – series of common line of business policies
- Structured multi-line, multi-year policies

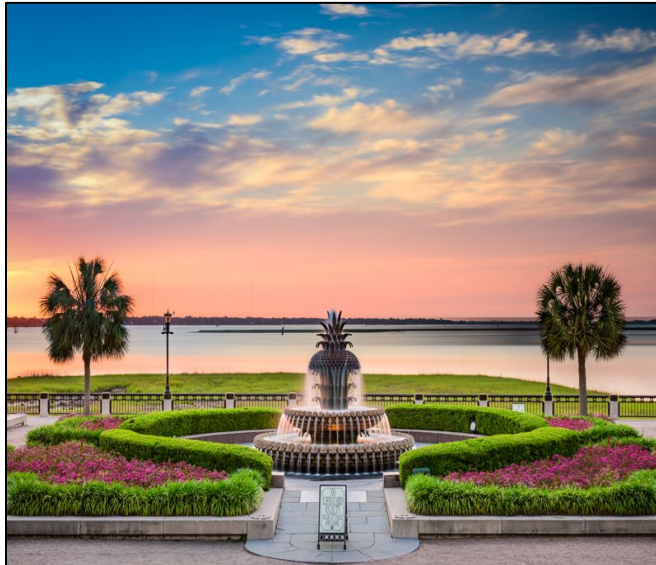
In some instances, facultative reinsurance is used on a 100% pass-through basis. Other times, it is used to enhance captive capacity by quota sharing or layering with the captive's retained risk. A captive can set up a reinsurance program for a series of policies in a single line of business, such as wildfire coverage. The reinsurance works like a treaty attaching to each project policy issued by the captive program. Structured reinsurance is typically used across multiple lines to add capacity for an under-capitalized captive program.

Any reinsurance ultimately protects a captive program's surplus. However, the strategy and structure of reinsurance focused on surplus protection has a greater emphasis on the portfolio effect of both underwriting and investment risk. The reinsurance contracts are designed to protect the balance sheet from extreme outliers.

Insurers should be aware that there is a one percent federal excise tax imposed on reinsurance premium payments to non-exempt offshore insurers.

Whatever strategy, use or structure, reinsurance can be an effective tool to increase the efficiency of a captive program. An EIS Cell can be utilized to access the reinsurance market and the reinsurance market can protect the assets and surplus of an EIS Cell.

## Save the Date



SAVE THE DATE

EIS PAC Annual Conference  
October 28-31, 2024

The Mills House Hotel  
Charleston, SC

All EIM members are welcome

Our 2024 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 insurance 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. Registration and additional information for the PAC Conference will be available in August. Please reach out to Megan Ogden at [mogden@eimltd.com](mailto:mogden@eimltd.com) or Taniyka Ragland at [tragland@eimltd.com](mailto:tragland@eimltd.com) with any questions.

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