



Quarterly Newsletter from Energy Insurance Services, Inc.

Volume 9, Issue 1

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Save the Date



EIS Financials

View on the Creek – Welcome to 2025



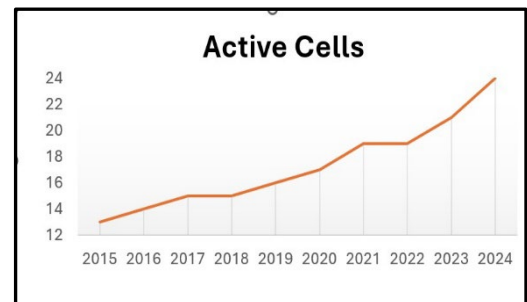
EIS and ECM finished 2024 with strong operational and financial performance. We look forward to seeing many of you in Tampa at the EIM Risk Managers Information Meeting. Below is a review of some of the 2024 highlights that will be presented at the RMIM – State of the Company session.

Do not miss this edition's Captive Optima section. We summarize the proposed EIS Multi-Member Wildfire Cell program.

We look forward to many discussions with our participants and prospective participants in 2025!

EIS 2024 Highlights

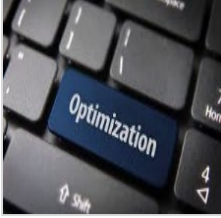
- Five new EIS cells formed in 2024
- Management fee credits continued
- Two new staff members added to the ECM team
- Extensive in-house actuarial support



Introduction to Leah Frazier

Leah Frazier joined our team in January. Leah brings extensive experience in administration, customer service, and office management to ECM. Leah has two children and lives on James Island in Charleston.

Please join the EIS/ECM team in welcoming Leah to EIM!



Captive Optima – EIS Multi-member Wildfire Cell

As the wildfire insurance market remains unfavorable due to the increasing frequency and intensity of wildfires, EIM and EIS have been working diligently to provide members with alternative solutions for wildfire coverage.

A captive is a great option in difficult market conditions because it can reduce reliance on the commercial market, stabilize pricing, allow customization of an insurance program, and provide underwriting advantages based on individual exposures and loss experience. Based on all these factors, EIS is the best option to start a wildfire program for all EIM members to explore. The EIS Multi-member Wildfire Cell will operate under EIM's current best practices for claims handling, underwriting policies, and modeling expertise, with advantageous pricing and efficient operations.

Proposed coverage in the EIS Multi-member Wildfire Cell (EIS MMWC)

<p>Capacity: \$35M per policy Aggregate (Automatic Reinstatement of Limits)</p> <p>Attachment: Can attach anywhere in excess of EIM coverage/sublimit</p> <p>Terms: Follow form of EIM policy covering only the WF peril</p> <p>Underwriting: Will follow EIM's individualized approach</p> <ul style="list-style-type: none">Rate On Line Expectation will be highly correlated with EIM's underlying pricing while providing a discount for the protective features <p>Claims: Serviced by the EIM Claims team</p> <p>Eligibility: EIM Member in good standing</p> <ul style="list-style-type: none">CA based utilities are not included at this time <p>Effective Date: non-common effective date starting 5/1/25</p>	<p>Protective Features:</p> <p><u>Cell Annual Aggregate</u></p> <ul style="list-style-type: none">Max annual aggregate of \$140MFirst two losses paid at full limit (\$35M each)Subsequent two losses paid at 50% quota share (\$17.5M each)A full limit (\$35M) loss is reserved for non-western statesAggregates will be prioritized by first notice of loss <p><u>Post Loss Premium Surcharge (PLPS)</u></p> <ul style="list-style-type: none">Cumulative individual loss ratio <= 150%Members with loss activity will make PLPS payments to cell over a max of 5 years to balance loss ratio150% PLPS obligation is contractually bindingObligation exists even if member no longer purchases coverage <p><u>Retro Premium Assessment</u></p> <ul style="list-style-type: none">Thresholds based on pre-determined Surplus/Limit Ratio*Member contribution based on Cell Account Balance*Shock loss scenario = one time retro of .75 of annual premium following unprecedented loss activity (1 in yr 2 and exhausted aggregate in yr 3)
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**Surplus/Limit Ratio = current surplus / max limit offered within cell*

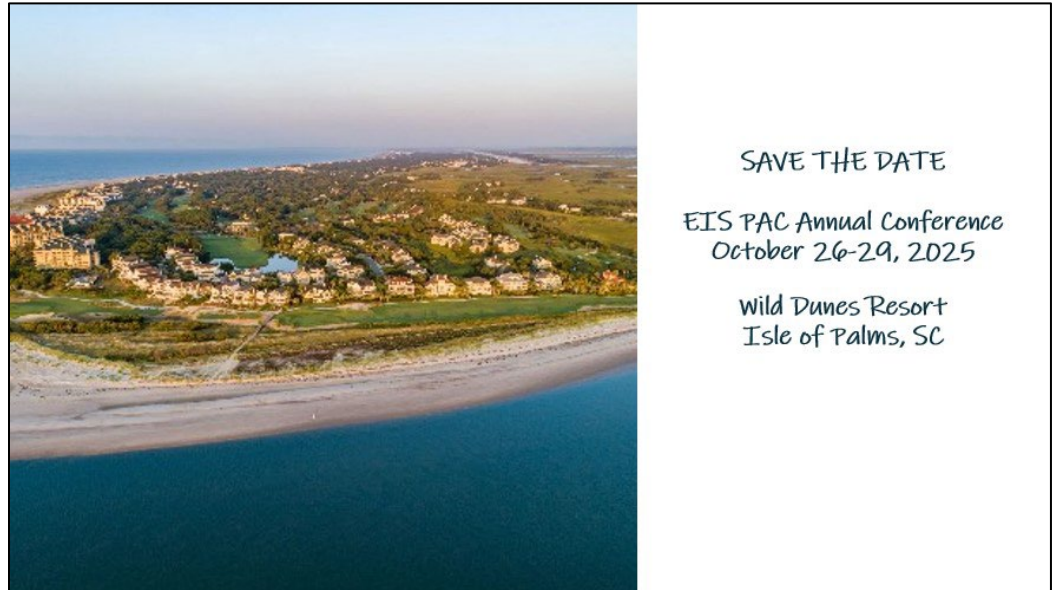
**Cell Account Balance = Member's proportionate cell responsibility (Premium paid – losses - cell admin expenses)*

Initial funding and capitalization for the cell is targeted to be a combination of premium assessments, mutual collateral, and/or member collateral. Investors will be paid a competitive rate for the use of collateral. If the pool performs as expected, it will generate sufficient surplus quickly to allow repayment of the collateral posted by the investors.

This program has been introduced to several brokers and members through webinars in February. It has also been discussed and vetted with the EIM Insurance Advisory Committee and Board of Directors. There is a breakout session at the RMIM on Tuesday morning at 8am and we hope you'll attend so we can address any outstanding questions. We have targeted a pre-committment date of April 1 to allow time for final approval by the SC Department of Insurance and formation of the new cell by May 1.

For any additional questions, please reach out to Megan Ogden or Pete Nadel.

Save the Date



EIS Financials



General Account	Year-End		
	2024	2023	2022
<i>In thousands</i>			
Revenue	\$2,113	\$2,070	\$1,992
Expenses	\$2,229	\$1,787	\$1,929
Surplus	\$5,222	\$4,961	\$4,586

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