

ENERGY INSURANCE MUTUAL MEMBERS REPORT

VOLUME 24, ISSUE 1

JANUARY 2010

Scott K. Goodell Elected EIM President, CEO

On Dec. 9, Jim Hatfield, chairman of EIM, announced, on behalf of the Board of Directors, that Scott K. Goodell, 55, of Seattle, an attorney and long-time insurance executive, would become president and chief executive officer of Energy Insurance Mutual, effective Jan. 11, 2010.

At the time, Scott was managing director of Guy Carpenter & Company, LLC, a \$900-million risk and reinsurance specialist that is part of the Marsh & McLennan Companies. Guy Carpenter has over 50 offices worldwide.

“We are so fortunate that a seasoned manager, a leader known for his team-building skills, accepted the Board’s offer,” said Jim Hatfield. “With Scott heading our staff, which we already know is outstanding, EIM’s best days are just ahead.”

Since 2005, Scott had been responsible for Guy Carpenter’s West Region’s broking operations and was a member of the



Scott Goodell

region’s senior management team. From 2001 to 2005, Scott was managing director for Guy Carpenter’s East Region. From 1998 to 2001, he was managing director of the firm’s Instrat unit, a global quantitative analytics group. From 1987 to 1998, Scott was senior vice president, general counsel, and

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In Memoriam



David L. Hadler

Born March 30, 1946, London, England
Died December 10, 2009, Tampa, Florida

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Company Gets High Scores in Annual IAC Survey

EIM’s 2009 Customer Satisfaction survey, which the Insurance Advisory Committee conducts annually, now by e-mail, was again highly favorable. This past year, a short survey on claims handling also was included.

The 2009 findings, printed in red, are shown on pages two through four, including the results of the claims survey. As in

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Company Gets High Scores in Annual IAC Survey

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2007, there were 119 respondents. There were 114 risk managers who completed the 2008 survey. “We do value this input from our Risk Manager Representatives,” said Jill Dominguez, EIM vice president, underwriting, “after all, EIM is here to serve the industry.” EIM first surveyed the Membership in April 1993. The IAC annual survey has been conducted since 1995.

2009 IAC Risk Manager Survey Results

Based on 119 responses

EIM follows reasonable underwriting practices.

100% Strongly Agree or Agree

EIM follows prudent underwriting practices.

100% Strongly Agree or Agree

EIM follows sound underwriting practices.

100% Strongly Agree or Agree

EIM's underwriting staff performs its functions satisfactorily.

100% Strongly Agree or Agree

EIM's underwriting staff is knowledgeable.

100% Strongly Agree or Agree

EIM's underwriting staff is professional.

100% Strongly Agree or Agree

EIM's underwriting staff is responsive.

99% Strongly Agree or Agree

EIM's non-underwriting staff is courteous.

100% Strongly Agree or Agree

EIM's non-underwriting staff is efficient.

100% Strongly Agree or Agree

EIM's non-underwriting staff is available.

100% Strongly Agree or Agree

EIM provides added value in the form of broad coverage.

100% Strongly Agree or Agree

EIM provides added value in the form of price stability.

97% Strongly Agree or Agree

EIM provides added value in the form of consistent limits.

99% Strongly Agree or Agree

EIM provides added value in the form of financial strength.

97% Strongly Agree or Agree

Overall, EIM meets my expectations in breadth of coverage.

99% Strongly Agree or Agree

Overall, EIM meets my expectations in level of service.

99% Strongly Agree or Agree

Overall, EIM meets my expectations in value for money.

100% Strongly Agree or Agree

EIM provides sufficient information concerning its financial stability and operating results.

99% Strongly Agree or Agree

Do you feel that the Insurance Advisory Committee is engaged in industry insurance issues on behalf of the Members?

98% Strongly Agree or Agree

EIM's information sharing, i.e. Annual Report, Members Report, letters, etc., meets the Members' needs.

98% Strongly Agree or Agree

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Company Gets High Scores in Annual IAC Survey

(Continued from page 3)

The annual Risk Managers Information Meeting is a worthwhile meeting for the Members.

98% Strongly Agree or Agree

2009 IAC Risk Manager Supplemental Claims Survey Results

Based on 64 responses

Have you ever submitted a claim to EIM or put them on notice of a claim?

60.9% Yes **39.1%** No

Was the claim handled in a professional manner?

97% Strongly Agree or Agree

Was the claim resolved within a reasonable time period?

93% Strongly Agree or Agree

Was the communication between EIM and yourself responsive?

97% Strongly Agree or Agree

Was the communication between EIM and yourself professional?

97% Strongly Agree or Agree

Was the communication between EIM and yourself satisfactory?

97% Strongly Agree or Agree

How has the claims handling process been with EIM compared to other insurers?

38% Much Better or Better **59%** About The Same

Scott K. Goodell Elected EIM President, CEO

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secretary of Sedgwick Re, Inc., which was later merged into Guy Carpenter.

Scott began his insurance career in 1985 with American Centennial Insurance Company, the reinsurance arm of Beneficial Insurance Group, Peapack, NJ. He practiced law for five years in Morristown, NJ.

A native of New Jersey, Scott received a bachelor's degree from the University of Delaware in 1976. He graduated magna cum laude with majors in political science and psychology. He received his law degree in 1979 from Boston College.

Scott's wife is MaryAnn, and they are the parents of two

adult children, a 26-year-old daughter, Taylor, who is married and lives outside Boston, and a son, Mark, who is 23, a musician, and lives in New York City.

In August, after its regular quarterly meeting, the EIM Board announced that President and CEO David L. Hadler had taken medical leave, effective Aug. 11, and would retire from the Company by Dec. 31. David died Dec. 10 at his home in Tampa. A national search for his replacement also was activated Aug. 11. On that date, J. Barry Mitchell, Chicago, a recently retired utility executive and member of the EIM Board, was named acting president and CEO of EIM. He remained in that position until Jan. 10.

A Rich Insurance Experience

For Day, Pitney in Morristown, NJ

Scott directed commercial litigation matters, including insurance coverage, employment law, environmental coverage issues, toxic tort, and product liability claims, and he provided insurance defense for the Beneficial Insurance Group.

For American Centennial Insurance Company

Scott managed the reinsurance operations, including all claims and accounting functions, administration, and review of all excess policies as well as assumed and ceded reinsurance contracts.

Routinely reviewed excess of loss policies, together with assumed and ceded reinsurance agreements, including property per risk and catastrophe protections, directors and officers, errors and omissions, surety, general liability, marine, aviation, workers' compensation, professional liability, and fiduciary coverages.

Positioned the operation for sale in 1987.

For Instrat Global, a unit of Guy Carpenter & Company, LLC

Scott managed a quantitative analytics group with offices in New York, Seattle, Minneapolis, London, Munich, Sydney, and Tokyo.

For Sedgwick Re, Inc., which was acquired by Guy Carpenter

Scott was General Counsel—and areas of experience included all litigation, arbitration, contract, and employment-related matters as well as regulatory, licensing, and compliance functions. He also was responsible for human resources, contract wording, quantitative analytics, and market information departments.

Supervised for five years a derivatives trading operation on the Chicago Board of Trade that was 50-percent owned by Sedgwick Re.

For Guy Carpenter

Scott was managing director, East Region, from 2001 to 2005, responsible for all broking operations with locations in New York; Philadelphia; Norwalk, CT; and Morristown, NJ. His responsibilities included profit and loss management, personnel administration, client interaction, and prospecting activities.

Since 2005, Scott, reporting to the president of North America, has been responsible for Guy Carpenter's West Region's broking operations in Los Angeles, San Francisco, and Seattle.

Since 2001, Scott has been a member of North America Management Board; the Professional Standards and Compliance Committee, the Business Review Committee, and the board of directors for Reinsurance Solutions, LLC, a Guy Carpenter subsidiary that provides unbundled, fee-based intermediary services.

Meet Scott Goodell

A Sports Guy and

Collaborative—it’s a word used easily and frequently by Scott Goodell, the new president and CEO of Energy Insurance Mutual. He uses it mostly when speaking of the Company and what initially attracted him to EIM.

Early on, back in September when the recruiter first talked with Scott about the position, “I was intrigued by EIM’s membership structure, its stability, and its collaborative nature—the organization has a clear people focus,” Scott said. “I liked the Company’s long-term view of the business—unlike some commercial carriers who tend to run from quarter to quarter—and EIM’s purposeful intention of adding value to its Member Companies. And, I was struck by the quality of the solutions and services offered by the EIM team.”

“I also realized that many key elements embodied in the



EIM position represented an amazingly good fit for the varied responsibilities I had assumed throughout my 30-year career.” Scott continued. The Seattle resident already knew of EIM and had driven by the building where its offices are located hundreds of times. We’ll explain later.

In the Beginning

Scott Keith Goodell (he signs his name Scott K. Goodell) was born in Plainfield, NJ, on August 17, 1954, but moved when he was three to nearby Hillsborough, a farming community. Scott is the middle brother of three—Randy, who is one year older and lives near Tampa, just outside of Wesley Chapel, FL; and Dustan, two years younger, who lives with his family in Dallas.

Scott’s dad, Robert, was a chemist and commuted to Betz Laboratories outside Philadelphia; his mom, Florence, taught eighth- and ninth-grade math and science in Branchburg, NJ.

While theirs was not a working farm, Scott milked cows,

a Team Builder

baled hay, and tended to sheep and chickens as a youngster. He was also very active in 4-H and in helping train seeing-eye dogs, German Shepherds in his case. "I would work with the dogs for 12 to 16 months and then return them to the Seeing Eye for their final training and placement," Scott said. "I really enjoyed attending graduation and seeing the dogs that had been a part of our family placed with their new owners."

Scott graduated from Hillsborough High School in 1972. There, he captained the varsity baseball and basketball teams, and also played football until a knee injury in his sophomore year. After that, he added cross-country running to his sports schedule.

The College Years

Scott's undergraduate years were spent at the University of

when I looked into it, I found one job that was available in the entire country," Scott laughed. "Fortunately, I had a mentor in the political science department, Professor Jim Soles, who suggested that I think about law school. So, that's what I did."

"I had been accepted at Boston College as an undergraduate and always liked the Boston area. When I considered law schools, I thought I would make my career in New England, so I chose Boston College. Again, I became a resident assistant to help subsidize the cost of tuition," he continued.

After his first year in law school, Scott married MaryAnn Neu. That was in 1977. They had met back in high school when Scott was 15. MaryAnn is a native of Tonawanda, NY, just north of Buffalo. After they married, the Goodells worked together as resident assistants. In Scott's third year of law school, they were area coordinators, overseeing five Boston College undergraduate dorms.

Scott's Family

MaryAnn is a dancer and an actor. She attended Adelphi University in Garden City, NY, on a dance scholarship and danced with New Jersey's Garden State Ballet. In Boston, she focused more on jazz and taught dance at the Walnut Hill School in Natick, MA, and sold popcorn at the local movie theatre. After Scott graduated from law school and began practicing law in New Jersey, MaryAnn performed for three years on Broadway in the show "Dancin" which was directed and choreographed by Bob Fosse.

MaryAnn's mother and brother live in Clearwater, FL. That's why Scott has driven past Bayport Plaza so many times. For the past 15 years, the Goodells have been frequent visitors to Tampa Bay.

Delaware. He helped pay for his education by working his sophomore-through-senior years as a resident assistant, "keeping the lid on the dorm," and serving food and washing dishes in the dining hall. He ran track his freshman year.

With a double major in political science and psychology, Scott first considered clinical psychology as a profession, "but

Scott and MaryAnn's first child, a daughter named Taylor, was born Sept. 2, 1983. Taylor was married this

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Meet Scott Goodell, A Sports Guy and a Team Builder

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past August in Maine. Her surname is now Benedum, and she is working outside Boston for the Citizens Bank in its marketing and communications department.

Son Mark, who is a musician living in New York City, was born Jan. 29, 1986. Mark is a graduate of the Hartt School of Music, which is the comprehensive performing arts conservatory of the University of Hartford. Currently, Mark works mostly as a production and sound engineer, but recently began teaching an introductory course in music production at the Hartt School.

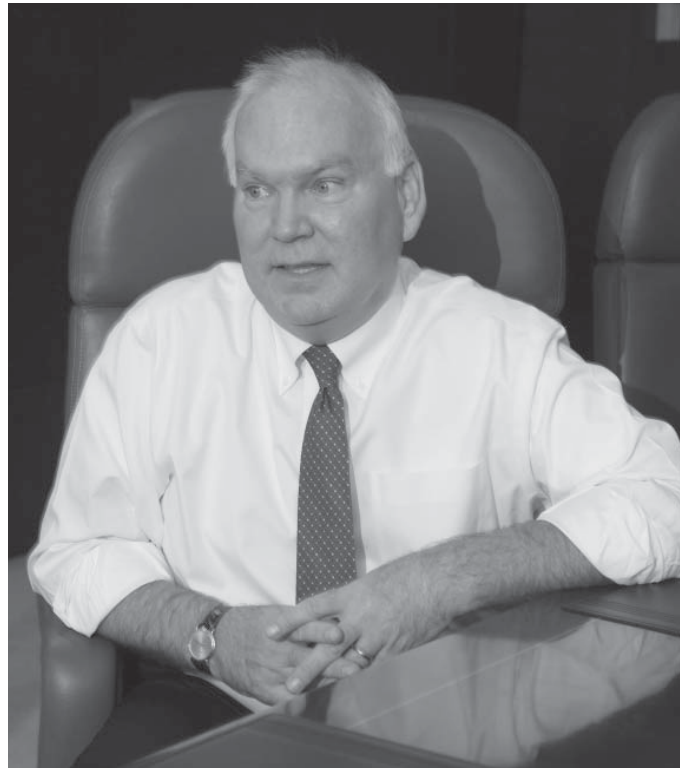
Business Career

While in private practice for five years with Day, Pitney, a law firm located in Florham Park, NJ, Scott was a litigator. “Mostly, I did corporate defense work, where there was no collaboration. Every step of the litigation process was a battle,” Scott said. “Even when cases were settled, both parties walked away unhappy. I definitely prefer an environment where people work together to achieve a common goal and share in the success of a job well done.”

Before assuming responsibility for Guy Carpenter’s West Region, Scott spent four years heading the firm’s East Region. It was in that position that Scott learned of EIM. AEGIS and NEIL were clients and he was familiar with the energy marketplace. During his 22-year tenure with Guy Carpenter and a predecessor company (Sedgwick Re, a part of the former London-based Sedgwick Group Ltd., acquired by Guy Carpenter in 1998), he has been located twice in Seattle (1987-1995 and 2005 to present) and in Hartford, CT. After the law firm in New Jersey and before Guy Carpenter, Scott worked two years with American Centennial Insurance Company, which was the reinsurance arm of Beneficial Insurance Group, based in Peapack, NJ.

“While I have worked for a publicly traded global enterprise for over 20 years, I am looking forward to joining the EIM team that has built, over more than two decades, an incredible legacy of quality and excellence. That legacy is the direct result of dedicated, hard-working team members who are focused on delivering superior risk management solutions and adding value to Member Companies. I am eagerly looking forward to joining the EIM team and continuing its long history of success,” Scott wrapped up.

Avid golfers, Scott and MaryAnn anticipate enjoying Central Florida’s many courses and being back on the East Coast nearer their two children and other family members. “We’re all about family time,” Scott said. “We especially enjoy skiing new locations with the family.” Scott and



MaryAnn also volunteered their time at the Seattle Boys and Girls Club, and took time on Thursday afternoons to deliver meals to home-bound individuals in Seattle. They recently became founding sponsors for the newly created Center for Political Communication at the University of Delaware, and Scott maintains his connection with Boston College by serving as a business mentor to second-year law students.

Coming to Tampa with them is a 17-year-old rescue cat named Ziggy, a cat with no tail. “The kids picked out Ziggy, and they had no idea they had chosen a cat without a tail until I pointed it out on the way home,” he said. “Clearly risk management is not Ziggy’s strength.”

As a Mariner (Seattle’s professional baseball team) fan, Scott also said (with apologies to all you National League supporters) he’s pleased that Tampa is an American League city.

Initially hired to begin work on Jan. 15, Scott said in mid-December that he would begin Jan. 11. “I’m anxious to join EIM colleagues and help Member Companies successfully address emerging risk management issues. I’m also looking forward to the Risk Managers Information Meeting just around the corner,” Scott said. He and MaryAnn will be with the Board in Barbados on his official start date.

Balance Sheets at September 30, 2009
(Unaudited and Expressed in Thousands of U.S. Dollars)

	<u>9/30/09</u>	<u>9/30/08</u>
ASSETS		
Investments	\$ 1,027,529	\$ 1,057,219
Cash and cash equivalents	41,950	20,526
Accrued interest	6,394	6,480
Income taxes recoverable	-	5,149
Deferred income tax	4,298	-
Deferred acquisition costs	1,174	1,166
Reinsurance paid in advance	45,451	41,903
Insurance balances receivable	1,184	2,854
Reinsurance recoverable on unpaid losses	345,977	444,465
Other Assets	<u>2,400</u>	<u>2,953</u>
Total Assets	<u>\$ 1,476,357</u>	<u>\$ 1,582,715</u>
LIABILITIES		
Reserve for losses and LAEs	\$ 759,647	\$ 913,897
Unearned premiums	92,815	88,896
Reinsurance balances payable	11,221	11,285
Deferred income tax	-	5,757
Accrued expenses	2,440	2,118
Income taxes payable	<u>16,603</u>	<u>-</u>
Total Liabilities	<u>882,726</u>	<u>1,021,953</u>
POLICYHOLDERS' SURPLUS		
Retained earnings	524,461	515,350
Accumulated other comprehensive income	<u>69,170</u>	<u>45,412</u>
Total Policyholders' Surplus	<u>593,631</u>	<u>560,762</u>
Total Liabilities and Policyholders' Surplus	<u>\$ 1,476,357</u>	<u>\$ 1,582,715</u>

Statements of Income for the Nine Months Ended
September 30, 2009 and 2008
(Unaudited and Expressed in Thousands of U.S. Dollars)

	<u>9/30/09</u>	<u>9/30/08</u>
UNDERWRITING INCOME		
Gross premiums earned	\$ 136,093	\$ 139,460
Reinsurance premium ceded	(64,782)	(62,337)
Other underwriting income	<u>1,905</u>	<u>1,925</u>
Underwriting Income	73,216	79,048
UNDERWRITING EXPENSES		
Losses and LAE incurred	4,998	172,083
Ceded losses and LAE	<u>10,863</u>	<u>(97,295)</u>
Net losses and LAE	15,861	74,788
Policy acquisition costs	1,638	1,806
Administrative expenses	<u>7,366</u>	<u>6,720</u>
Total Expenses	<u>24,865</u>	<u>83,314</u>
Income from underwriting	48,351	(4,266)
Net investment income	<u>28,513</u>	<u>30,502</u>
Income before income taxes	76,864	26,236
Income tax expense	<u>23,145</u>	<u>4,364</u>
NET INCOME	<u>53,719</u>	<u>21,872</u>
Other comprehensive income, net	<u>72,591</u>	<u>(128,171)</u>
Comprehensive Income	<u>\$ 126,310</u>	<u>\$ (106,299)</u>

Exelon's Bob Semet Retires with Travel

Bob Semet, insurance director, Exelon, Philadelphia, now retired—and a member of the EIM Insurance Advisory Committee since August 2002—attended his final IAC meeting this past September, anticipating his retirement from Exelon on November 30.

Bob, a Pennsylvania native, joined Peco Energy in 1973, first working in the finance and accounting department. From there, he worked in corporate planning and nuclear contracts/nuclear fuel procurement before joining the insurance department in 1988. He was manager of Peco's insurance division when he moved in 2000 to the company's new parent.

Bob has an electrical engineering degree from Villanova University and a master's in engineering administration from George Washington University. He completed in 1996 a 30-year career as a commissioned officer in the Navy Reserves. He achieved the rank of captain and was commanding officer for three separate naval reserve units.

Here are some parting thoughts from Bob, a highly valued member of the Company's IAC. This conversation took place Thanksgiving week, during Bob's final days at Exelon.

Any special plans for the first year of your retirement?

In the past five years, I have visited 33 countries and 30 different states. I plan to continue traveling in the United States as well as to some foreign countries. I am planning a Caribbean cruise this winter with my wife, and I will probably take an overseas trip this summer. It will be great to have more flexibility in making travel plans. I also will be looking into purchasing real estate along the East Coast.

Generally, how will you be spending your time?

As a retired military officer, I probably will support and participate in one of the non-profit military organizations. I am also looking forward to spending more time with my family and friends and I am thinking about spending some of the future winters in Florida.

What do you think you'll miss most at the office?

I will miss the friendships I have formed with my colleagues both at Exelon and in the insurance industry.

What are you glad to leave behind?

Of course, I am glad to leave behind the early-morning com-

mutates, especially in the winter. When I travel by air, it probably will be for a long flight so I can do without the airline pretzels.

What was the highlight(s) of your career?

There are many highlights, but being able to participate and help influence the direction of the utility-owned mutual insurers has been a tremendous experience. This includes serving on EIM's IAC for several years and also serving as chairman of the NEIL IAC.

What attracted you to EIM's IAC?

Both Commonwealth Edison and Peco Energy were among the initial Members that formed EIM in 1986. After I gained experience in the insurance industry, I felt that I would be able to make a contribution to the IAC. It has been a great team to be part of and I am very proud to have served for seven years on the IAC.

What do you consider its greatest value?

The IAC members have significant experience and extraordinary expertise. The IAC members are a broad representation of the EIM Membership and provide the EIM Board and staff a valuable input on the current issues in the utility industry.

What are EIM's distinguishing traits?

EIM truly is member driven; it is a small organization with a superb staff, and it is financially sound.

Any thoughts concerning EIM's future?

There are always changes and unexpected events. EIM is in an extremely good position to meet its Members' needs. Assuming a reasonable level of loss activity and a more predictable economic climate, EIM should be able to achieve a very substantial surplus and continue as a reliable and stable source for meeting its Members' insurance needs.

Any advice for young people going into the utility business or insurance profession?

It is important to make continuous learning a major career objective. Among the many opportunities important to enhancing their expertise is to complete the professional insurance designations, such as the CPCU, ARM, and others. In addition, there are many programs for acquiring a graduate degree in business or risk management. The one-week Energy School co-sponsored by EIM is another great professional development opportunity.

on His Mind



Controller Tommy Bolton Elected EIM Officer



Tommy Bolton

EIM Controller Tommy Bolton, CPA, was elected an officer of the Company at the EIM Board meeting in November. He is now controller and chief accounting officer.

Tommy, who began his career in 1997 in Charlotte, NC, came to EIM from Johnson Lambert & Co., LLP, Charleston, SC, where he was principal. Johnson & Lambert is EIM's and EIS' auditing and tax consulting firm. He had been with the firm since 2003.

EGL Limits Set at \$75 Million But Could Continue at \$100 Million

In early December, the Membership was told that EIM limits in 2010 would be \$75 million of Excess General Liability capacity, \$50 million of Excess D&O and Excess General Partner capacity, and \$25 million of Excess Fiduciary Liability capacity.

In a communication to Members, Acting President Barry Mitchell also wrote that the Company was negotiating a facultative reinsurance option that would allow EIM to offer \$25 million excess of the \$75-million layer. That arrangement would be seamless—all the same coverage terms and conditions would continue, which means the overall limit offering of \$100 million could continue.

Either way, EIM's EGL capacity remains the highest limits in the utility sector. If the facultative reinsurance option is determined between now and the time this newsletter is received, an announcement will have been made to the Membership.

Any other advice?

It is important to support and maximize participation with EIM and other mutual insurers. The service is superb, the coverage broad, premiums relatively stable, and in the long run an opportunity to share in the profits by way of distributions and other credits. Further, if there is a loss, you know exactly who to contact.

Is there anything else you would like to say?

It has been a sincere pleasure to be part of the utility insurance business. The risk management, broker, and mutual insurer community have been great. There is no stronger network of individuals who work together to achieve superior results for their organizations.



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Long-Time President, CEO Passed Away Dec. 10

David L. Hadler, who served as EIM president and chief executive officer from Sept. 1, 1994, until Aug. 11, 2009, when he took medical leave, died shortly before midnight on Dec. 10. For more than a year, David fought aggressively esophageal cancer.

David, who had been associated with the Company since October 1986, initially as a consultant, was the first non-Board member to hold the CEO title and was the first employee—and only one so far—to be elected to the Board of Directors. He had been on the Board since April 1997.

On Thursday, Dec. 17, the Hadler family invited the EIM community to a gathering in Tampa for “Moments of Reflection” to celebrate David’s life. The guests were invited to express thoughts or share fond memories of David. After the gathering, the family hosted a reception at Oystercatchers at the Grand Hyatt Tampa Bay, which was one of David’s favorite places.

For those friends and colleagues who could not attend but wanted to express themselves, a Web link was offered;

it remains open: www.eimltd.com/DavidHadler/dspDavid.cfm.

Also, Eryl Hadler suggested three charities for sending memorial gifts: St. Joseph’s Hospital Foundation, Florida Blood Services, and the American Cancer Society. The addresses are:

St. Joseph’s Hospital Foundation

2700 West Dr. Martin Luther King Jr. Blvd., Suite 310
 Tampa, FL 33607

(On the memo line: Cancer Center in memory of David Hadler)

Florida Blood Services

10100 Dr. Martin Luther King Jr. St. N.
 St. Petersburg, FL 33716

American Cancer Society

Greater Tampa Unit
 2006 W. Kennedy Blvd., Tampa, FL 33606
 (In memory of David Hadler)

ENERGY INSURANCE MUTUAL MEMBERS REPORT

EIM’s *Members Report* is published up to four times per year. The Company’s annual report is published in May. Comments, questions, and suggested subjects from Members are sincerely welcomed. Please send information to the EIM office in Tampa.

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