

ENERGY INSURANCE MUTUAL MEMBERS REPORT

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Sam Garvin To Retire After 22 Years with EIM



Sam Garvin

Sam Garvin, 54, EIM vice president and chief financial officer, will retire on June 30, 2010, after more than 22 years with the Company.

Among the initial five hires when EIM moved its operations from Barbados to Tampa, FL, Sam began Feb. 8, 1988, as accounting manager. He was elected vice president-finance Jan. 8, 1996, and he was promoted to vice president and CFO as of Jan. 1, 2001.

Having first talked about retiring at the end of 2009, newly elected President and CEO Scott Goodell asked Sam to continue for another six months for purposes of a smoother transition. Sam, who has a host of friends among the representatives of the Member Companies, was thereby able to begin his official farewells at the 2010 Risk Managers Information Meeting in February.

At the meeting, Sam led on the opening night a heart-felt farewell to his friend and long-time colleague, David Hadler, toasting David as "someone we will never forget." The next evening, Sam was presented a Steuben decanter and wine glasses which was followed by a standing ovation from a large gathering of mostly risk managers, brokers, and their guests.

He and his wife Jackie were further honored on Monday evening, May 3, in Dallas, when the Company presented a

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Five New Directors Join EIM Board

The EIM Membership elected five new EIM directors for three-year terms and re-elected four sitting directors at the 2010 Annual General Meeting near Dallas on May 4.

The five new directors are:

Donald Chappel, senior vice president and chief financial officer, The Williams Companies, Inc., Tulsa, OK;

Marian Durkin, senior vice president, general counsel, and chief compliance officer, Avista, Corp., Spokane, WA;

Benjamin Fowke, president and chief operating officer, Xcel Energy Inc., Minneapolis, WI;



Four of the five newly elected EIM directors are shown here with EIM Chairman of the Board Jim Hatfield, far right. The four are, from left, Scott Goodell, Darren Olagues, Marian Durkin, and Ben Fowke. Don Chappel, also newly elected, was unable to attend the 2010 Annual General Meeting.

Scott Goodell, president and chief executive officer, Energy Insurance Mutual, Tampa, FL; and

Darren Olagues, senior vice president and chief financial officer, Cleco Corp., Pineville, LA.

Two current directors were re-elected to three-year terms. They are:

Trevor Carmichael, barrister at law, Chancery House, Bridgetown, Barbados, and Charles Shivery, chairman, president, and chief executive officer, Northeast Utilities, Berlin, CT.

Two directors, now retired from their companies, whose terms expired at the 2010 Annual General Meeting were re-

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(Sam Garvin To Retire continued from page 1)



Sam with retirement gift presented at the 2010 Risk Managers Information Meeting—Steuben wine glasses and decanter.



And the dinner guests rose to a standing ovation.

Sam and Jackie Garvin at dinner at the Four Seasons Resort at Los Colinas, near Dallas, TX, May 3, where they received a Resolution of Tribute from the EIM Board.



formal Resolution of Tribute. His gift from the Company—a set of custom-made Ping golf clubs—had been presented to Sam earlier in Tampa.

Sam began his accounting career in his native city of Mobile, AL, in 1977, the same year he earned a bachelor of science degree in accounting from the University of South Alabama, Mobile. He moved in November 1981 to the insurance industry and to Tampa, having gone to work as chief accountant of Morrison Assurance Company, before moving in 1987 to Healthwin Insurance Company, also in Tampa, where he was accounting manager for a year before joining EIM.

Now, some 22 years after he began, Sam's contribution to the financial soundness of EIM is apparent when one compares even a few year-end 2009 operating results with year-end 1987 numbers: 2009 Policyholders' surplus was nearly \$651.8 million—compared to \$71.4 million at year-end 1987; a record \$212.6 million paid in claims in 2009—compared to zero in 1987; and total assets were almost \$1,556.9 million at the end of 2009—compared to \$101.8 million at year-end 1987.

In 1975, Sam married his wife Jackie, the former Jacquelyn

Sam and Scott Goodell with the custom-designed Ping golf clubs, Sam's primary gift from the Company.



Charlotte Daniels, also of Mobile, a health care professional for a number of years, who is now celebrated by her family and friends as an extraordinary chef. Sam and Jackie, who are now on the eve of their 35th wedding anniversary, are the proud parents of three children—Marcia Garvin, 31, who works as an insurance manager in Tampa; Amy Garvin Wren, 29, who is married to David Wren and also lives in the Tampa Bay area and is the mother of Sam and Jackie's twin grandchildren; and son Tyler, 19, who is a sophomore at Florida Southern College, Lakeland, studying music and business. The nine-month-old twins are Ella Payton Wren and Jackson Patrick Wren.

(Related photos on pages 8 and 9)

elected for one-year terms since directors may serve for only two annual meetings beyond their retirement dates. They are:

Barry Mitchell, retired, president and chief operating officer, ComEd, Chicago, IL, and Michael O'Donnell, retired, executive vice president, NiSource Inc., Merrillville, IN.

On March 10, Director Allen Leverett, who is executive vice president and chief financial officer of Wisconsin Energy Corporation, Milwaukee, announced his resignation from the EIM Board of Directors. Allen had been a director since November 2002.

In addition to the five newly elected and four re-elected directors, the other members of the EIM Board are:

Kim Greene, group president of strategy and external relations, Tennessee Valley Authority, Knoxville, TN;

Jim Hatfield, senior vice president and chief financial officer, Pinnacle West Capital Corporation, Phoenix, AZ, who begins his second year as EIM chairman of the board;

Ed Holland, executive vice president, general counsel, and corporate secretary, Southern Company, Atlanta, GA; and

Rich Marsh, retired, senior vice president and chief financial officer, FirstEnergy Corp., Akron, OH.

Meet Our New Directors

Professional Profiles of New EIM Directors

What follows are biographical sketches of the newly elected EIM directors: Don Chappel, Marian Durkin, Ben Fowke, Scott Goodell, and Darren Olagues.

Don Chappel



Don Chappel

In 2008, Don Chappel was named to *Institutional Investor* magazine's top CFO list for the third consecutive year. Once again, Don received recognition as the top-performing CFO in the Energy/Natural Gas

sector.

Don joined Williams in April 2003 as senior vice president and chief financial officer. He led the successful restructuring of the company's finances, the implementation of an EVA-based disciplined financial management system and administrative cost reduction program, and Williams' IPOs of Williams Partners and Williams Pipeline Partners.

Don's previous experience includes serving twice in the late 1990s as chief financial officer of Waste Management, Inc., during periods before and after its 1998 merger with USA Waste Services. Don joined Waste Management in 1987 as vice president and controller of a newly formed operating subsidiary. He then served in a number of positions of increasing responsibility in operating subsidiaries, leading to his appointment as chief financial officer by the company's board of directors during a period of crisis.

Don graduated from the University of Illinois with a bachelor's degree in accounting. He completed his certification as a public accountant.

Don serves on the boards of directors of Family and Children's Services, Children's Hospital Foundation at Saint Francis, and the University of Tulsa's Friends of Finance. He served as treasurer and chairman of the Planning Commission of a municipality in the Chicago area.

Marian Durkin



Marian Durkin

As Avista's chief legal officer, Marian provides counsel and guidance to the Avista Corp. board of directors and officers on legal matters relevant to the company and its subsidiaries. As chief compliance officer, she is responsible for coordinating and overseeing Avista's ethics and compliance programs.

Prior to joining Avista in 2005, Marian was vice president, deputy general counsel, and assistant secretary of United Airlines in Chicago. Her experience also includes 18 years with the Minneapolis law firm of Briggs and Morgan, P.A.

A native of Narberth, PA, Marian graduated from Manhattanville College in Purchase, NY, with a bachelor's in political science. She received her law degree and LL.M. in taxation from Williams Mitchell College of Law in St. Paul, MN.

A frequent lecturer at legal conferences, Marian also has

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served as an adjunct professor at William Mitchell College of Law. She is currently on the board of directors for Vanessa Behan Crisis Nursery and the board of trustees for the Northwest Museum of Arts and Culture, both in Spokane.

Ben Fowke



Ben Fowke

Ben Fowke is president and COO of Xcel Energy, where he is responsible for overall corporate operations, energy supply and Xcel's four operating companies that do business in eight states. He also is a member of Xcel Energy's board of directors.

Before assuming his current responsibilities, Ben held a variety of executive positions with the company, including vice president and chief financial officer and vice president and CFO of Energy Markets, where he was responsible for the financial operations of the company's commodities trading and marketing business unit. Prior to the 2000 mergers of Northern States Power Co. and New Century Energies (NCE) that formed Xcel Energy, he was vice president in the NCE retail business unit.

Prior to Xcel Energy, Ben served 10 years with FPL Group, Inc., in Florida where he held various management positions. He also has held positions outside the energy industry with DWG Corp. and KPMG.

Ben currently serves on the board of directors of the American Gas Association and the Minnesota Orchestra. He also is a member of the board of advisors for the University of Colorado Denver Business School. He earned a bachelor's degree in finance and accounting from Towson University and obtained his CPA in 1982.

Scott Goodell



Scott Goodell

Scott Goodell was announced on December 9, 2009, as EIM's next president and chief executive officer and moved into that position January 11, 2010. He was appointed to the Board of Directors at its

meeting in Barbados in January and has been elected to his first three-year term.

At the time of his selection, 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.

Since 2005, Scott had been responsible for Guy Carpenter's West Region's broking operations and was a member of the region's senior management team. From 2001 to 2005, Scott was managing director responsible for Guy Carpenter's East Region. From 1998 to 2001, he was managing director of the firm's Intrat unit, a global quantitative analytics group. From 1987 to 1998, Scott was senior vice president, general counsel, and 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.

Darren Olagues



Darren Olagues

In late April 2009, Cleco Corp. announced that Darren J. Olagues had been named senior vice president and chief financial officer, effective May 7 of that year.

Since joining Cleco in July 2007, Darren had been serving as senior vice president of Cleco Midstream Resources LLC, the company's competitive wholesale generation business.

Before joining Cleco, Darren was vice president of asset management and development for Exelon Power. Prior to that, he served as Exelon's director of corporate development and as senior vice president and CFO at Sithe Energies. A certified public accountant, Darren also worked for PricewaterhouseCoopers, where he was senior manager of audit.

Darren, 38, graduated in 1992 from Tulane University with a bachelor's degree in management.

Jim Hatfield Re-elected Chairman; Ed Holland New Vice Chairman

At the May 4 Board meeting near Dallas, EIM Chairman Jim Hatfield of Pinnacle West, Phoenix, was re-elected chairman of the board and Board Member Ed Holland of Southern Company, Atlanta, was elected vice chairman.

The other EIM officers re-elected are:

Scott Goodell, president and chief executive officer; Sam Garvin, vice president and chief financial officer; Jill Dominguez, vice president—underwriting; Robert Schmid, vice president, subsidiary operations; Tommy Bolton, controller and chief accounting officer; Joan Bryant, secretary; and Trevor Carmichael, assistant secretary.

Jim Hatfield

Jim, appointed to the EIM Board in 1998, was elected to his first three-year term in 1999. He has been the Company's chairman of the board since April 2009.

Two years ago, Jim moved to Pinnacle West where he is senior vice president and chief financial officer of the parent company and its operating utility, Arizona Public Service. With 30 years of electric and gas industry experience, Jim was previously at OGE Energy Corp., Oklahoma City, where he also was senior vice president and CFO.

From 1980-1993, Jim worked for UtiliCorp United Inc., of San Antonio, TX, where he held several positions in accounting and finance. During 1994, he was with Aquila Gas Pipeline Corporation, a subsidiary of UtiliCorp. During this time, he held the position of vice president-investor relations and corporate secretary, until joining OG&E in August 1994 as treasurer. He was elected vice president and treasurer on January 15, 1997, and senior vice president and chief financial officer on November 17, 1999.

A native of Bennington, NE, Jim received a bachelor's in accounting from Central Missouri State University, Maryville, MO, and an MBA, concentration in finance, from the University of Missouri, Kansas City.

He and his wife, Eileen, have three children and two grandchildren.

Pinnacle West has consolidated assets of about \$12 billion. Through its subsidiaries, the company generates, sells, and delivers electricity and sells energy-related products and services to retail and wholesale customers in the western United States.

Ed Holland

G. Edison ("Ed") Holland, Jr., the newly elected EIM vice chairman, is Southern Company's chief compliance officer as well as executive vice president, general counsel, and corporate secretary.

Prior to assuming his current position at Southern Company in May 2001, Ed was president and chief executive officer of Savannah Electric from July 1997-April 2001. Savannah Electric was merged into Georgia Power, Southern's largest operating subsidiary, in July 2007.

Ed joined Southern Company subsidiary Gulf Power, Pensacola, FL, in 1992 as vice president and corporate counsel and served concurrently as Southern Company system compliance officer until 1995. He then was named Gulf Power's vice president of power generation and transmission, a position he held along with corporate counsel until 1997.

Prior to joining Gulf Power, Ed was a partner in the law firm of Beggs & Lane, Pensacola, where he served as general counsel to Gulf Power.

A native of Rutherfordton, NC, Ed received a bachelor's degree in political science from Auburn University, Auburn, AL, and earned a Jurist Doctor from the University of Virginia School of Law.

Ed joined the EIM Board a year ago. He also is a member of the boards of directors of First Chatham Bank Financial Corporation, Georgia Appleseed, the Georgia Aquarium, and the Southern Golf Association.

He is a past chairman of the Edison Electric Institute's Legal Committee, is a director of the Institute for Legal Reform of the U.S. Chamber of Commerce, and is a member of the Electricity Committee of the Public Utility, Communications, and Transportation Law Section of the American Bar Association.

Ed is married to the former Elizabeth (Betsy) Bird of Marietta, GA. They have two daughters, Laura and Caroline. Laura is an attorney in Washington, DC. Caroline is in graduate school in Charlotte, NC. Ed's hobbies include golf, boating, and hunting.

Southern Company, one of EIM's 17 founding Members, has 4.4 million customers in four southeastern states and more than 42,000 megawatts of generating capacity. Headquartered in downtown Atlanta, Southern Company has more than 500,000 stockholders and about 26,000 employees.



Chairman Jim Hatfield, left, and newly elected Vice Chairman Ed Holland.

EIM Board Committees for 2010-2011

All of the EIM Board committees, except the Insurance Advisory Committee, have been realigned for the administrative year 2010-2011.

Audit Committee

Kimberly S. Greene, chairman
James R. Hatfield, vice chairman
Donald R. Chappel
Michael W. O'Donnell
Darren J. Olagues

Claims Committee

G. Edison Holland, Jr., chairman
Michael W. O'Donnell, vice chairman
Marian M. Durkin
Scott K. Goodell
Benjamin G.S. Fowke, III

Executive Committee

James R. Hatfield, chairman
G. Edison Holland, Jr., vice chairman
Scott K. Goodell
Charles W. Shivery

Insurance Advisory Committee

Deborah S. Gaffney, chairman
Randall L. Martin, vice chairman
Mark E. Blair
Robert W. Dillard
Jack R. Hadsall
Sandra K. Hart
Julie R. Jackson
Gary Y. Little
John E. Luley
Mark A. Webster

Investment Committee

Charles W. Shivery, chairman
Richard H. Marsh, vice chairman
Marian M. Durkin
James R. Hatfield
Darren J. Olagues

Nominating Committee

James R. Hatfield, chairman

J. Barry Mitchell, vice chairman
Kimberly S. Greene
G. Edison Holland, Jr.
Richard H. Marsh

Reinsurance Committee

Richard H. Marsh, chairman
G. Edison Holland, Jr., vice chairman
Donald R. Chappel
Scott K. Goodell
Kimberly S. Greene

Strategic Planning Committee

Charles W. Shivery, chairman
Scott K. Goodell, vice chairman
Benjamin G.S. Fowke, III
Deborah S. Gaffney
J. Barry Mitchell
Michael W. O'Donnell
William R. Powell

Three EIM Directors Elected to EIS Board; Ed Holland, Tommy Bolton New EIS Officers

At the Energy Insurance Services Annual General Meeting, also on May 4 near Dallas, three EIM directors joined the EIS Board, while four others continue as directors.

The new EIS directors are Ed Holland, Scott Goodell, and Barry Mitchell. Jim Hatfield, Sam Garvin, Robert Schmid, and Chuck Shivery are the other four members who also serve on the EIS Board.

At the EIS Board meeting, Ed Holland, the newly elected vice chairman of EIM was elected vice chairman of EIS and Tommy Bolton was elected controller and chief accounting officer of EIS. He has the same title with EIM.

The other EIS officers who were re-elected are: Jim Hatfield, chairman; Scott Goodell, president and chief executive officer; Sam Garvin, vice president and chief financial officer; Robert Schmid, vice president and chief operating officer, and Joan Bryant, secretary.

EIM Underwriting News

On May 11, 2010, an article in the online publication *AEGIS News* reported that the AEGIS Risk Management Advisory Committee (RMAC) and management agreed AEGIS should place a \$35-million per occurrence/\$70-million annual aggregate limit (or twice the per occurrence limit, if lower) on the excess liability policy. The intent is to put a finite limit on the policy no matter how many "occurrences" are reported. The article further states the aggregate will take effect with excess liability policies renewing on and after January 1, 2011.

As many of you are aware, EIM continues periodic interac-

tion with AEGIS to identify potential changes in underlying policy terms and conditions and to ensure EIM Member Company coverage continuity. This "aggregation" issue has been discussed already at the EIM Insurance Advisory Committee (IAC) level. Currently, there are no definite details on the AEGIS wording and how its strategy affects EIM. While the details are still in the works, please be assured EIM and the IAC are committed to working through this development. EIM will have a timely response as soon as we are clear on how this change will ultimately affect our Policyholders' following form coverage.

Director Kim Greene Promoted at TVA

Kimberly S. Greene, who had been TVA's chief financial officer and executive vice president of financial services since 2007 and became the regional power supplier's chief risk officer in 2008, was promoted this past January to group president of strategy and external relations.



Kim Greene

Kim went to TVA three years ago from Southern Company, Atlanta, where she was senior vice president of finance and treasurer. She had joined Southern Company Services in 1991 as a mechanical engineer and progressed through various areas of engineering. In 1994, she moved to Southern Energy Inc., which became Mirant, where she was responsible for Mirant's south region asset management and coordination of transmission system loads with adjoining utilities, including TVA.

In 2002, Kim moved to Southern Company Generation and Energy Marketing as director of portfolio management, responsible for trading strategies and long-term resource plans. She was named treasurer of Southern Company Services in 2003.

A native of Knoxville, TN, where TVA is headquartered, Kim earned a bachelor's degree in engineering science and mechanics from the University of Tennessee, Knoxville. She also earned a master's in biomedical engineering from the University of Alabama at Birmingham and a master's in business administration from Samford University in Birmingham.

Kim joined the EIM Board of Directors in 2004 and currently chairs the Board's Audit Committee. She also serves on the Nominating and Reinsurance committees.

Balance Sheets at March 31, 2010 (Unaudited and Expressed in Thousands of U.S. Dollars)

| | 3/31/10 | 3/31/09 |
|---|---------------------|---------------------|
| ASSETS | | |
| Investments | \$ 1,098,029 | \$ 917,763 |
| Cash and cash equivalents | 13,152 | 13,371 |
| Accrued interest | 5,879 | 6,486 |
| Income taxes recoverable | - | 12,298 |
| Deferred income tax | - | 51,840 |
| Deferred acquisition costs | 696 | 832 |
| Reinsurance paid in advance | 44,413 | 44,479 |
| Insurance balances receivable | 1,285 | 2,063 |
| Prepaid expenses | 118 | 164 |
| Reinsurance recoverable on unpaid losses and IBNR | 360,014 | 447,814 |
| Investment in subsidiary | 1,561 | 1,702 |
| Property and equipment | 145 | 460 |
| Total Assets | \$ 1,525,292 | \$ 1,499,272 |
| LIABILITIES | | |
| Reserve for losses and LAEs | \$ 732,792 | \$ 972,027 |
| Unearned premiums | 74,326 | 74,324 |
| Reinsurance balances payable | 5,302 | 5,017 |
| Deferred income tax | 21,610 | - |
| Accrued expenses | 2,347 | 2,525 |
| Income taxes payable | 12,287 | - |
| Total Liabilities | \$ 848,664 | \$ 1,053,893 |
| POLICYHOLDERS' SURPLUS | | |
| Retained earnings | \$ 580,573 | \$ 475,350 |
| Accumulated other comprehensive income/(loss) | 96,055 | (29,971) |
| Total Policyholders' Surplus | 676,628 | 445,379 |
| Total Liabilities and Policyholders' Surplus | \$ 1,525,292 | \$ 1,499,272 |

Statements of Income for the Three Months Ended March 31, 2010 and 2009

(Unaudited and Expressed in Thousands of U.S. Dollars)

| | 3/31/10 | 3/31/09 |
|---|------------------|------------------|
| UNDERWRITING INCOME | | |
| Gross premiums earned | \$ 44,899 | \$ 44,398 |
| Reinsurance premium assumed | (192) | 944 |
| Reinsurance premium ceded | (22,425) | (21,251) |
| Net premiums earned | 22,282 | 24,091 |
| Other underwriting income | 634 | 627 |
| Revenues From Underwriting | 22,916 | 24,718 |
| UNDERWRITING EXPENSES | | |
| Losses and LAE incurred - direct | 22,729 | 28,875 |
| Losses and LAE incurred - assumed | (2,985) | 524 |
| Reinsurance recoverable | (7,498) | (7,250) |
| Net losses and LAE | 12,246 | 22,149 |
| Policy acquisition costs | 487 | 579 |
| Administrative expenses | 5,175 | 3,770 |
| Total Benefits and Expenses | \$ 17,908 | \$ 26,498 |
| Income/(Loss) From Underwriting | 5,008 | (1,780) |
| NET INVESTMENT INCOME | | |
| Realized losses on investments sold | (8,705) | (3,096) |
| Net gains on other than temporary impaired securities | 12,397 | - |
| Net investment income | 8,425 | 9,569 |
| Investment Income | 12,117 | 6,473 |
| Income Before Policyholders' Distribution | 17,125 | 4,693 |
| Less: Policyholders' Distributions | - | - |
| Income Before Income Taxes | 17,125 | 4,693 |
| Less: Income taxes | 5,001 | 85 |
| Net Income | \$ 12,124 | \$ 4,608 |

Here'sss Garvin!!!!

The Early Years



Sam as seen in the EIM 1989 Annual Report.



General Manager Gene Weaver and Sam from the 1988 Annual Report, the first one in which Sam appeared.



The initial staff, front row, from left, Mary Ellen Wollam and Kaye Patrick; second row, Gene Weaver; and back row, from left, Cindy Teller, Donna Dunlap, and Sam.

The Middle Years

In this photo, Sam, along with Donna Dunlap and Kaye Patrick Rhodes, is celebrating 10 years with EIM.



Sam and Don Paterson, BG ReMetrics, work on a presentation at the 2000 Risk Managers Information Meeting.



Sam and Southern Company's Gary Meggs visit at the 1999 Risk Managers Information Meeting.



At the 2000 Annual General Meeting in Boca Raton, FL, are, from left, David Hadler, Sam, Jim Hurley of Tillinghast, and Les Loomans of DTE.

The Later Years



At the EIS document signing in South Carolina in October 2006 are, from left, Jeff Kehler, SCDOI; David Hadler; Director Eleanor Kitman, SCDOI; Sam; and Rob Schmid.



Sam presents the 2004 EIM financials at the 2005 Risk Managers Information Meeting.



Sam celebrates his 20th anniversary along with Cindy Prosser, left, and Jill Dominguez, who had 10- and 15-year anniversaries, respectively, in 2008.



In the fall of 2007, the nine staffers with 10 years of service or more were, from left, Jill Dominguez, 14; Sam, 19; Deana Edmonds, 13; Donna Dunlap, 19; David Hadler, 13; Jane Murphy, 10; Martee Turner, 15; Sandra Imbriani, 13; and India Diaz, 17.



Sam and Donna Dunlap present the sporting prizes at the 2006 Risk Managers Information Meeting.



At the 23rd annual RMIM, the entertainment begins with the arrival of the Blues Brothers, Jake and Elwood, known during the work week as Gary Gresham and Sam Garvin.

IAC's Newest Member

Mark Webster—Naval Nuke Officer Turned Risk Manager



Mark Webster

Mark Webster, the liability and financial insurance manager for Duke Energy Corporation, Charlotte, NC, and the Member Company's EIM Risk Manager Representative since early 2007, was approved in January by the EIM Board for membership on the Company's Insurance Advisory Committee.

Filling a seat vacated by long-time IAC Member Bob Semet, who has since retired from Exelon, Mark joined Duke in November 2006, having been previously a vice president with Marsh's power and utility group in Charlotte. He was with Marsh for nearly four years. Before Marsh, Mark served over 10 years in the U.S. Navy as a nuclear engineering and submarine operations officer.

A native of Ohio, Mark received a mechanical engineering degree from Ohio Northern University in 1994. He received a MBA from The Citadel College of Graduate and Professional Studies, Charleston, SC, in 2002. He also has the CPCU and ARM professional designations.

Why did you seek IAC membership?

I wanted to learn more about how our industry mutual works. Essentially, I wanted to peek behind the curtains to better understand how decisions are made, decisions that impact both EIM and its Members.

What are your expectations as an IAC member?

I hope I can use this liaison position between the Board and

the Members to make beneficial contributions for both EIM and its Members.

Is the IAC role changing?

Not on paper, but I cannot see how it won't in operation with the changes in EIM's top management. Because I'm new, I don't have any perspective for which I can compare it though.

How did you get into risk management?

Late in 2002, when I decided to leave Active Duty Naval service, I interviewed with Dan McGarvey of Marsh who is also a Naval Nuke Officer as they were looking for a nuclear risk consultant/broker. I remember he said it was easier to teach insurance to a Nuke than teach nuclear power to an insurance professional. The position, Dan, Marsh, and Charlotte all seemed like a good fit so I took it, with no regrets to date. I wanted to try the other side of the broker/client relationship. Duke was one of my clients. They had an opening, good people, and Duke is a company where I thought I fit well; and I did not have to relocate.

Describe the risk management function at Duke Energy.

Duke's risk management department is a great group of people to work with. There is a good blend of contract reviews, insurance placements, project risk analysis, and captive subsidiary coordination to keep us busy but also keep it interesting.

What are your most significant challenges as a risk manager?

Finding time and finding the contract, project, or operational risks that we don't know about.

What is it like in general working for Duke Energy?

It is great to be with a financially sound, employee-friendly company that continues to develop and update operations.

How did mechanical engineering prepare you for risk management?

It didn't help me specifically for general risk management, but it is helpful in understanding the technical side of operations and projects that dovetail with risk management in the power and utility sectors.

Tell us about your 10 years in the U.S. Navy.

I spent about three years learning nuclear power, about three years standing watch on a nuclear-powered submarine that carried intercontinental nuclear warhead missiles, and then about three years teaching nuclear power to new officers. We did get to launch a couple of the 130,000-pound missiles across the ocean. Obviously, as you can tell since there wasn't a World War III, we took the nuclear warheads off before launching them.

Describe your seven months in Afghanistan.

I was proud to serve a need requested from our country, but leaving the family was hard. It was a good experience that I don't ever want to do again. I was disappointed to see the international politics within NATO challenging our effectiveness.

What are your thoughts on the U.S. role in Afghanistan?

I don't think it is in the U.S.' best interest to allow any group that wants to, supports, or does attack innocent American citizens to exist without diligent prosecution and best efforts to prevent an attack again. If our national defense experts ask for my help in this endeavor, I'll serve accordingly. Only history will tell if our actions or inactions were beneficial, but none of it is easy or without sacrifice. I think any fight against terrorist groups is worthwhile, as well as our helping innocent people try to gain self-sustaining freedom and prosperity. It's a huge problem. With limited resources, picking the right battles is tough and never perfect.

Tell us about life in the Webster household.

I married my high school sweetheart 16 years ago. She is very supportive, especially through the military separations that she did not like. She has done a great job raising our 14-year-old daughter Emi and our 11-year-old son Zack. When work, school, homework, sports and Navy Reserves give us an opening, we like to boat and do water sports on one of Duke's awesome lakes near Charlotte.

What are your interests outside work?

Bass fishing, golf, dirt bikes, and NASCAR.

EIM/OCIL Alliance Provides \$100M Limits

In late February, EIM President Scott Goodell reported to the Membership that the Company would continue to offer maximum limits of \$100 million through the use of a reinsurance arrangement with Oil Casualty Insurance, Ltd., which is based in Bermuda.

After a great deal of analysis in 2009, the Company decided in December of this past year that it would reduce maximum excess general liability policy limits from \$100 million to \$75 million. Yet, "subsequent discussions with Members revealed that many wanted EIM to maintain the \$100 million limits," Scott said. "We listened."

He also said the alliance will be seamless to EIM Members and Member Brokers with all negotiations, policy terms, claims handling, and services to be handled by EIM. The \$100-million policy will be issued on EIM paper.

Pinnacle West, SPP Name New Member Reps

Two Member Companies—Pinnacle West Capital Corp and Southwest Power Pool, Inc.—have named new EIM Member Representatives, Barbara M. Gomez and Thomas P. Dunn, respectively.

Pinnacle West



Barbara Gomez

Barbara Gomez, a native of Queens, New York, is vice president, supply chain management, Arizona Public Service Company, Phoenix, Pinnacle West's utility.

After graduating high school in Miami, AZ, Barbara earned in 1977 a bachelor's degree in business administration from Bucknell University, Lewisburg, PA; then, in 1982, a MBA from Arizona State University, Tempe.

Barbara joined Arizona Public Service in 1978, working in a variety of financial positions. In 1999, she was elected vice president and treasurer; in 2009, vice president and controller, both positions being with the parent company. In January 2010, she was elected to her present position with the utility.

She is on the board of directors of Goodwill of Central Arizona, The Wellness Community, and the Catholic Diocese of Phoenix, where she serves as chairman of the finance council.

SPP



Tom Dunn

Tom Dunn, a native of Fayetteville, AR, is the chief financial officer of Southwest Power Pool, a regional transmission organization based in Little Rock.

Tom received his bachelor's degree in finance in 1987 from the University of Missouri, Columbia, and his master's, also with a focus in finance, in 1994, also from Missouri.

From 1994 to 2001, Tom was vice president, commercial banking, US Bank, Little Rock. In 2001, he joined SPP as vice president-finance and CFO.

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Resolutions of Tribute



EIM Chairman Jim Hatfield presented three Resolutions of Tribute to retiring director, Mark Dodson; deceased director, David Hadler; and retiring CFO, Sam Garvin, at a Board dinner May 3 at the Four Seasons Resort near Dallas.



From left, are Jim Hatfield, Eryl Hadler, Mark Dodson, and Sam Garvin.

PNG Companies Join EIM; Membership Remains at 168

PNG Companies LLC, perhaps better known as Peoples Natural Gas Company, joined EIM February 2, 2010; at the same time, RC Cape May Holdings, LLC, reduced its limits and left the Company, thereby keeping the total Membership at 168.

Peoples is a Pittsburgh-based local gas distribution company serving approximately 375,000 residential, commercial, and industrial customers in 16 counties throughout southwestern Pennsylvania.

PNG is an asset of SteelRiver Infrastructure Partners, which is an independent investment management firm that invests in core infrastructure assets for the long term.

27 Participate in EIM-Sponsored Energy School in Philadelphia



Twenty-seven attendees, including EIM's Gary Gresham, second from left, spent a rigorous week in late April of lectures, case studies, and peer reviews—all participating in the jointly sponsored Energy School, the third one being on the campus of Saint Joseph's University in Philadelphia. In addition to EIM, the other two sponsoring companies are Nuclear Electric Insurance Limited and The OIL Group of Companies.

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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