

# QUARTERLY FINANCIALS

FIRST QUARTER 2021



## **We are your source for superior long-term insurance and risk financing products and services.**

Energy Insurance Mutual Limited (EIM) is a mutually owned insurance company that provides its Members with substantial capacity on its core products of Excess General Liability, Excess Directors and Officers Liability, Excess Fiduciary Liability and Excess General Partner Liability coverage for losses in excess of at least \$35 million.

In addition, capacity is available on other classes of business, including Property for those Members who purchase Excess General Liability and/or Excess Directors and Officers coverage.



Energy Insurance Mutual Limited (“EIM”) recorded a gain on surplus of \$17.0 million for the three months ended March 31, 2021 compared to a loss of (\$79.7) million for the same period in 2020. EIM recorded income from underwriting of \$3.2 million compared to a loss of (\$1.0) million in the prior year.

EIM had investment income of \$17.5 million for the first three months of 2021 compared to a loss of (\$100.6) million for the same period in 2020. Current year investment results were impacted by favorable equity market performance.

Highlights from 2021 include:

- Distribution of \$50.0 million paid in March 2021 to members of record at December 31, 2020.
- Policyholders’ Surplus of \$1.2 billion, an increase of \$17.0 million or 1.4% for the year.
- Combined ratio of 94.2% for the first three months 2021 as compared to 102.0% for the same period prior year.
- Membership retention of 99% was achieved in the first three months of 2021.

EIM’s return on investments of 1.05% compared to a benchmark return of 0.98%. The return is a result of gains on US equities of 6.47%, international equities of 4.54%, alternative investment securities of 1.57% and losses on fixed income securities of (1.26%).



# FINANCIAL STATEMENTS

As of and For the Period Ending March 31, 2021

## Balance Sheets

(Expressed in Thousands of U.S. Dollars)

	03/31/21	12/31/20
<u>Assets</u>		
Investments	\$ 1,846,927	\$ 1,783,820
Cash and cash equivalents	22,191	58,644
Reinsurance recoverables on losses	390,022	461,929
Prepaid reinsurance premiums	45,797	53,754
Premiums receivable	8,648	20,109
Income taxes recoverable	24,708	27,162
Other assets	9,734	9,514
Total assets	<u>\$ 2,348,027</u>	<u>\$ 2,414,932</u>
<u>Liabilities and policyholders' surplus</u>		
Reserves for losses and loss adjustment expenses	\$ 940,054	\$ 905,086
Unearned premiums	125,665	181,141
Reinsurance premiums payable and funds held	3,212	18,085
Net deferred tax liability	60,776	58,815
Policyholder distributions payable	-	50,000
Accounts payable and accrued expenses	12,637	13,087
Total liabilities	<u>1,142,344</u>	<u>1,226,214</u>
Members' account balance	1,205,683	1,188,718
Accumulated other comprehensive income	-	-
Total policyholders' surplus	<u>1,205,683</u>	<u>1,188,718</u>
Total liabilities and policyholders' surplus	<u>\$ 2,348,027</u>	<u>\$ 2,414,932</u>

## Statements of Income YTD

(Expressed in Thousands of U.S. Dollars)

	3/31/21	3/31/20
<u>Underwriting revenue</u>		
Net premiums earned	\$ 54,060	\$ 50,455
Other underwriting income	1,093	756
Total underwriting revenue	<u>55,153</u>	<u>51,211</u>
<u>Underwriting expenses</u>		
Net losses and loss adjustment expenses	47,276	47,062
Policy acquisition costs	884	906
Administrative expenses	3,824	4,249
Total underwriting expenses	<u>51,984</u>	<u>52,217</u>
Income (loss) from underwriting	3,169	(1,006)
Investment income (loss)	17,516	(100,581)
Income (loss) before income taxes	<u>20,685</u>	<u>(101,587)</u>
Policyholder distribution	-	-
Income tax expense (benefit)	3,720	(21,883)
Net income (loss)	<u>\$ 16,965</u>	<u>\$ (79,704)</u>