

UNAUDITED

ENERGY INSURANCE MUTUAL LIMITED

Balance Sheets
(Expressed in Thousands of U.S. Dollars)

	<u>09/30/2018</u>	<u>12/31/2017</u>
<u>Assets</u>		
Investments	\$ 1,742,976	\$ 1,681,929
Cash and cash equivalents	52,930	8,016
Reinsurance recoverables on losses	228,573	228,673
Prepaid reinsurance premiums	18,725	40,352
Premiums receivable	6,484	9,106
Income taxes recoverable	2,218	16,690
Other assets	11,717	(1,326)
Total assets	<u>\$ 2,063,623</u>	<u>\$ 1,983,440</u>
<u>Liabilities and policyholders' surplus</u>		
Reserves for losses and loss adjustment expenses	\$ 646,918	\$ 563,971
Unearned premiums	121,762	126,979
Reinsurance premiums payable and funds held	7,208	8,488
Net deferred tax liability	50,647	61,383
Policyholder distributions payable	25,000	40,000
Accounts payable and accrued expenses	11,780	13,779
Total liabilities	<u>863,315</u>	<u>814,600</u>
Members' account balance	956,487	904,625
Accumulated other comprehensive income	243,821	264,215
Total policyholders' surplus	<u>1,200,308</u>	<u>1,168,840</u>
Total liabilities and policyholders' surplus	<u>\$ 2,063,623</u>	<u>\$ 1,983,440</u>

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Statements of Income and Comprehensive Income (Expressed in Thousands of U.S. Dollars)

	<u>09/30/2018</u>	<u>09/30/2017</u>
<u>Underwriting revenue</u>		
Net premiums earned	\$ 116,227	\$ 103,655
Other underwriting income	1,644	1,807
Total underwriting revenue	<u>117,871</u>	<u>105,462</u>
<u>Underwriting expenses</u>		
Net losses and loss adjustment expenses	96,421	37,214
Policy acquisition costs	1,510	1,462
Administrative expenses	7,469	7,610
Total underwriting expenses	<u>105,400</u>	<u>46,286</u>
Income from underwriting	12,471	59,176
Investment income	64,232	46,695
Income before policyholders' distribution and income taxes	76,703	105,871
Policyholder distribution	25,000	-
Income before income taxes	51,703	105,871
Income tax (benefit) expense	(159)	29,909
Net income	51,862	75,962
Other comprehensive (loss) income	(20,394)	34,709
Comprehensive income	<u>\$ 31,468</u>	<u>\$ 110,671</u>

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Statements of Changes in Policyholders' Surplus (Expressed in Thousands of U.S. Dollars)

	Accumulated Other Comprehensive Income	Members' Account Balance	Total Policyholders' Surplus
Balance at January 1, 2017	\$ 167,067	\$ 861,300	\$ 1,028,367
Other comprehensive income, net of tax	50,342	-	50,342
Reclassification of stranded tax	46,806	(46,806)	-
Net income	-	90,131	90,131
Balance at December 31, 2017	264,215	904,625	1,168,840
Other comprehensive loss, net of tax	(20,394)	-	(20,394)
Net income	-	51,862	51,862
Balance at September 30, 2018	\$ 243,821	\$ 956,487	\$ 1,200,308