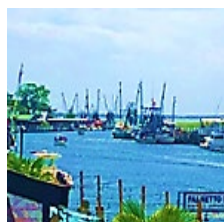


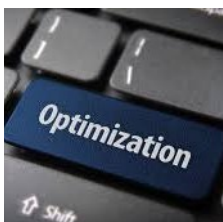


Quarterly Newsletter from Energy Insurance Services, Inc., Volume 6, Issue 3

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View on the Creek



Summer seems to be moving at a record pace this year. We continue to field questions and interest from potential new participants and from existing participants seeking opportunities for new lines of coverage. Renewables have been a hot topic in recent months along with continued concerns around market pricing and capacity constraints in other lines.

We are looking forward to seeing everyone at our annual PAC Conference in November in Kiawah Island, SC. We have a great line up of topics and speakers for the general sessions. Please be on the lookout for our email with your invitation and register link. Our conference is commencing Monday, November 7 and the general session will be Tuesday morning. We will make appropriate arrangements for PAC members that are unable to travel by providing a virtual option. Please don't hesitate to reach out to Megan Ogden with any questions.

Anniversary Announcement

Please join us in congratulating Tameeka Heyward on her one-year anniversary with Energy Captive Management. Tameeka has been a wonderful addition to the ECM / EIS team.

Captive Optima – Terrorism Coverage

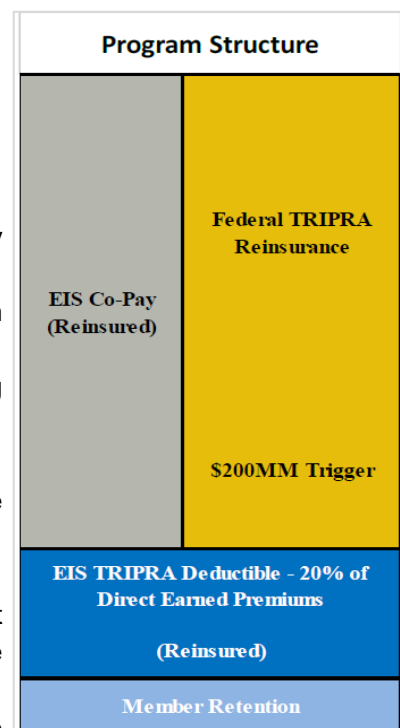


Congress authorized a seven-year extension of the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) in advance of its expiration at the end of 2020. TRIPRA provides several benefits to organizations with captive insurance structures that may ultimately reduce premiums and enhance terrorism coverage. The Department of the Treasury administers the program and EIS, by definition, is subject to the Act. Terrorism cover is offered to all EIS policyholders on the coverages subject to the Federal program. Our terrorism election endorsement T1 is attached to all qualifying policies and endorsement T2 is attached to those policies where the election is made to include coverage.

Several EIS participants have insured terrorism risk for both property and liability coverage on two distinct stand-alone type policies. Both structures use reinsurance as a key element supporting their underwriting of this risk. One structure is a 'wrap' program and the other is a more traditional stand-alone policy. Both structures have been used to respond to terror risk to property and general/excess liability.

EIS offers a TRIPRA 'wrap' policy to provide coverage to Members for the deductible and co-pay portions obligated to be covered by the Insured.

- Covers losses below \$200MM trigger
- Covers insurer deductible – 20% of Direct Earned Premium
- Covers insurer co-pay of 20% excess of deductible
- Covers non-certified events
- The EIS TRIPRA wrap policy provides broad property & liability coverage tailored for utilities from member input
- EIS member programs have experienced significant premium savings vs. premiums paid in the standard & stand-alone markets
- Streamlined claims process with a single Insurer vs. submitting claims to several carriers in a layered program
- Clash deductible feature
- Available cyber-terrorism write-back for resulting property damage and business interruption
- Establishes a "footprint" in the stand-alone market
- Program has the flexibility to adapt to legislative changes, if any, that may be introduced up to or after the next expiration of the reauthorization in 2027.
- Coverage converts to a traditional stand-alone basis should the federal backstop be non-renewed after 2027.



Please reach out to the Megan Ogden with any questions on terrorism coverage in EIS.

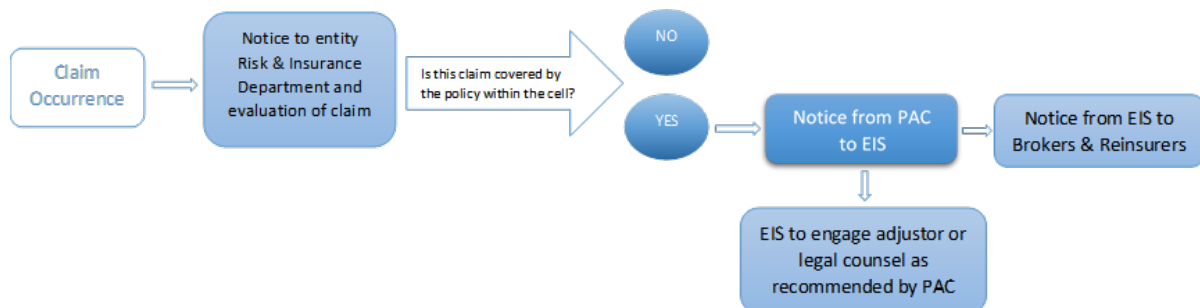
Operational Considerations – Claims Handling Procedures



In a perfect world, there would be no claims filed against your policies and the premiums paid into your cell would simply build surplus for future use to retain additional risk, increase coverage limits, diversify your risk profile, or return to the Insured. However, we know the world is not perfect, and we know that claims occur. As we enter the second half of 2022, now is a great time to review the claims handling procedures within your cell for the new year.

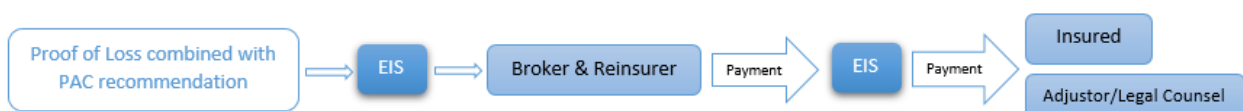
When you receive notice that an event has occurred which may impact your entity, you should perform an analysis to determine if the claim might be covered by the policy placed in your cell. If it is determined that this claim is covered by your EIS policy, you must notify EIS. If reinsurance is purchased by your cell, EIS will then provide notice to any participating brokers and reinsurers.

There are other considerations at issue. Your EIS policy may include claim notice provisions that will govern when and to whom notice should be given. Many EIS policies include claim notice provisions that conform to requirements of coverages that are underlying or excess of your EIS policy. In addition, the PAC must keep in mind notice provisions to reinsurers of EIS.



Once the notice has been formally sent, and an adjustor has been engaged to investigate the claim, EIS will await a conclusion from the adjustor and/or any legal counsel that has been engaged to assist in arriving at a settlement on the claim. EIS will also ensure that the appropriate reserve recognition has been recorded after a PAC recommendation. Once the claim has been settled, a proof of loss (or other appropriate documentation, as needed) must be sent to EIS with a PAC recommendation to process and pay the claim.

Next, EIS will review the documentation and recommendation from the PAC and determine if payment is justified. This proof of loss will then be presented to the participating broker and reinsurer from EIS, if reinsurance is present. Once, EIS receives payment from the reinsurer, EIS will make the claim payment to your entity, net of any subrogation. EIS can also pay the adjustor/legal counsel utilized in this process in whole or in part according to the requirements of the policies and (re)insurers responding to the claim. This example includes involvement by brokers, reinsurers, adjustors, and legal counsel, but if your particular situation does not involve some or all of those participants, then their role can simply be omitted.



Our goal at EIS and ECM is to streamline the claims process so that you receive the most effective relief from the pressure caused by dealing with claims. A single electronic notice to EIS that includes simultaneous notice to reinsurers and brokers is one means of simplifying the process. If there is any interest in creating a more formal claims handling procedure within your cell or if you simply want to gain clarity on the topic, please contact us. We will be happy to improve your claims handling in any way that we can.

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