

EIM Insurance Advisory Committee

EIM IAC Committee

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IAC Committee Members

- **Edsel L. Carlson** (Chairman) Emera/TECO Energy, Inc.
- **Dean R. Jobko** NRG Energy
- **Bob Green** Public Service Enterprise Group Incorporated
- **Mike McFarland** Great River Energy
- **Ron Rispoli** Entergy Services, Inc.
- **Stephanie Rogers** Plains All American Pipeline, L.P.
- **Jessica Shultz** EQT Corporation
- **Roni A. Salo** ALLETE, Inc.
- **Forrest L. Strachan** PJM Interconnection, LLC
- **Tim Underwood** CMS Energy
- **L. D. Wade** Dominion Energy Services, Inc.
- **Denise Straka** Calpine Corp.



IAC Overview

- The EIM Insurance Advisory Committee's (IAC) main objective is to respond to specific questions and assignments from the Board, and to provide input to the Board from the EIM Member Risk Managers. The IAC meets at least quarterly.
- **Some key objectives of the IAC include:**
 - act as a liaison between the Board and Member Risk Managers
 - conduct special assignments from the Board or staff regarding emerging industry risk management concerns
 - be a resource for staff, referencing coverage issues
 - maintain a core group within the IAC that is familiar with the history of EIM and the evolution of insurance policy coverages and exclusions

Current Task Forces

- Cyber
- Emerging Risk
- Renewables
- Pollution

Cyber

- The Cyber Task Force continually evaluates the cyber landscape to understand trends in threats, liabilities, and the insurance market's response
- Specific focus areas include:
 - The cyber threat landscape: bad actors and motivations, attack/exploit trends, and industry responses
 - Cyber exposures across the broad spectrum of potential losses
 - The cyber insurance marketplace, and its capability/capacity to meet cyber exposure needs
- Task Force Members
 - Mike McFarland
 - Roni Salo
 - Forrest Strachan
 - Tim Underwood

Cyber Threats and Exposures

- Threat Landscape
 - System breach
 - Ransomware extortion
 - Control system cyber attack
- Exposures
 - Loss/unauthorized disclosure of sensitive information
 - Damage to business and controls systems; loss/destruction of data
 - Damage to physical property
 - Business interruption, loss
 - Associated cybercrime costs (forensic, legal, reputational)
 - See the October 2017 EIM Members Report for a more complete list

Cyber Insurance

- Cyber insurance market continues to mature
 - Number of carriers and capacity keep expanding
 - Cyber exclusions across other lines are necessitating need for cyber-specific coverage
 - Policies addressing “common” exposures (e.g., information breach) are readily available
 - Coverage tailored to more specialized exposures are much less so
- It’s important to know which exposures are of most concern
 - Consider the potential range of losses and associated liabilities
 - Understand other mitigating actions/plans and how they impact exposure

Cyber survey

- Survey of IAC members in 2017
 - Most had some form of cyber insurance in place, though coverage varied widely depending on specific member exposures
 - Policies were commonly available for system breach, property damage, and related cyber attack liabilities
 - Further options were desired for cyber attacks resulting in:
 - Contingent business interruption (loss of vendor/supplier)
 - Extended regulatory shutdown
 - Resulting environmental damage
- Survey of all EIM members likely in 2018

Emerging Risk

- A condition, situation or trend that could significantly impact the Company's financial strength, competitive position or reputation within the next 5 years.
- Emerging risks involve a high degree of uncertainty

Emerging Risk Task Force Members

- **Forrest L. Strachan** PJM Interconnection, LLC (Chair)
- **Jessica Shultz** EQT Corporation
- **Bob Green** Public Service Enterprise Group Incorporated
- **Ron Rispoli** Entergy Services, Inc.

Emerging Risk Task Force

- Researches emerging risks assigned to it by EIM management and / or the IAC.
- Prepares written reports on the assigned risks topics for discussion
- Continues to monitor assigned risks and provide updates
- Identifies new emerging risks for discussion at quarterly IAC meetings.

Emerging Risk Topics

- Wildfire
- Distributed Generation / Micro Grids
- Roof-top Solar Fire Risk
- TRIA, TRIEA, TRIPRA
- Changing / Aging Workforce Trends
- Battery Storage
- Fracking / Environmental Impacts / Seismic Activity
- Drones / Unmanned Aircraft Systems (UAS)
- Challenges to Utility Tariff Protections
- Fuel Shift
- Driverless Vehicles
- Legalization of Marijuana for Medical and Recreational Use

Renewables Task Force Members

- Bob Green
- Mike McFarland
- Ron Rispoli
- Edsel Carlson

Renewables Task Force

- Solar
 - Utility
 - Distribution Generation
- Windpower
- Microgrids
- Batteries
- EV Charging Stations

Pollution Task Force Members

- Edsel Carlson
- Stephanie Rogers
- Roni Salo
- Jessica Shultz
- Tim Underwood

Pollution Task Force

- Has Evolved and Morphed over the years
- Originally established to determine if the Membership's environmental liability insurance needs were being met by the commercial insurance market, and if not was there a desire for EIM to offer a product with coverage beyond what they were currently offering under their excess liability product.
- Surveyed the Membership
- 37 responded out of 170
- 80% of those that responded thought that there were adequate limits and coverages available to meet their needs in the commercial market place.

Pollution Task Force

- Pollution Task Force shifted our focus to Regulatory Changes
 - Clean Air Act
 - Clean Power Plan
 - Mercury Air Toxics
 - Clean Water Act
 - State Regulations
- Developed Whitepaper for the Board and EIM's Staff
 - Quarterly Updates

Pollution Task Force- Full Circle

- Current focus is to answer this question:
 - *Is the Membership's environmental liability insurance needs being met by the commercial insurance market, and if not is there a desire for EIM to offer a product with coverage beyond what they are currently offering under the excess liability product?*
- Since the last survey key pollution liability insurance markets have exited.
- Survey

Committee Member Interest

- Volunteer
- Committee Selection Matrix
 - Geography
 - Energy Type
 - EEO/Diversity
 - Position in your organization
 - Education
 - Area of Experience
- Talk to us let us know you are interested