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How to Sell AEGIS and the Mutual Concept to Senior Management

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AEGIS Insurance Services, Inc.

Michael R. Anderson

Xcel Energy Inc.

Terry Novatnack

PPL Corporation

Maureen Sammon

MidAmerican Energy Holdings Company



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Gil Gould

Senior Vice President, Underwriting
AEGIS





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Michael R. Anderson

Director, Hazard Insurance
Xcel Energy Inc.

AEGIS

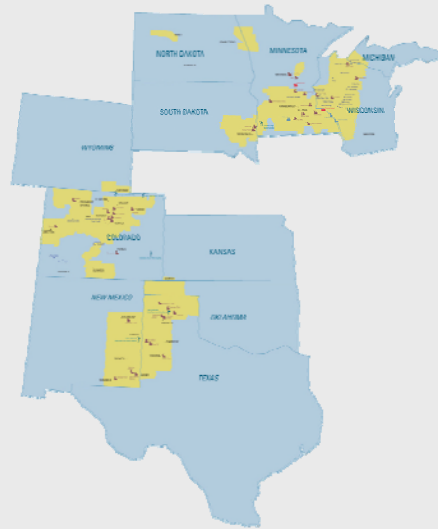
Xcel Energy Inc.

Operating Companies

- NSP – MN
- NSP – WI
- PSCo
- SPS

Customers

- 3.4 million electric
- 1.9 million gas



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AEGIS

Xcel Energy Inc.
AEGIS Member since 1981

- AEGIS policies include
 - Excess Liability
 - D & O Liability
 - Fiduciary Liability
 - Professional Liability
 - Master Property
 - London Syndicate
 - Builder's Risk

My Personal Experience in Risk Management

- Began risk management career in 1973
- With Xcel Energy / NSP since 1986
- Have experienced a number of market cycles
- Have settled many claims with AEGIS and others
- Recognize the value of AEGIS
- Serve on AEGIS RMAC

Why We Need to Sell AEGIS to Senior Management

- They have intense pressures on expenses
- They read about the “soft” market
- They may not understand the market cycles
- They may not appreciate the long term view
- They likely have had no experience with AEGIS
- They may have no understanding of mutual concept

How I Sell AEGIS

- Board of Directors
 - Mostly utility industry executives
- Knowledge of our business
- Broad coverage terms – tailored to utility needs
- Reasonable claims resolution
- Loss control support

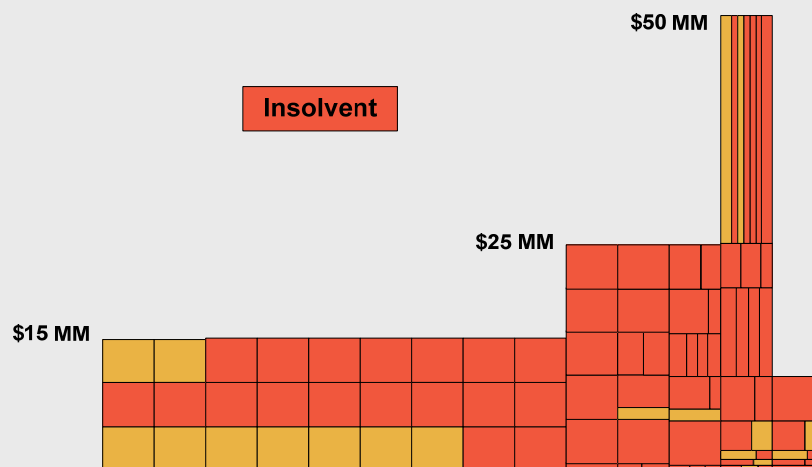
More on How to Sell AEGIS

- Advisory committees – made up of members
- Collective reinsurance – for entire industry
- Price stability
- Long term: minimizes cost
- **AEGIS' purpose: to meet our needs**

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AEGIS

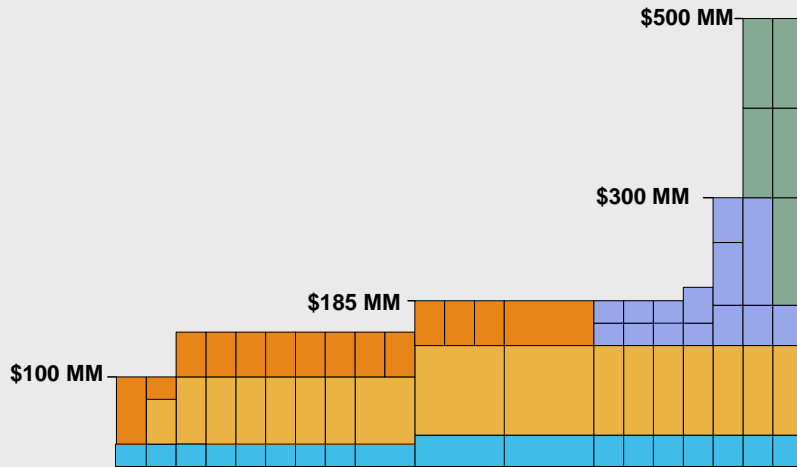
Liability Chart Prior to AEGIS



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AEGIS

Liability Chart With AEGIS



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AEGIS

Senior Management Views

They have evolved over time

- I used to try to convince of importance of utilizing AEGIS
- Occasionally had to go through competition exercise
- Several years ago we had a very large claim
- AEGIS handled it very well
- Today – I am told that I would have to go through General Counsel if I ever planned to leave AEGIS

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AEGIS

Where Do We Go from Here?

- Continue to support our company, AEGIS
- Get to know new risk managers
 - Help them understand about industry mutuals
- Remind your senior management of AEGIS' value
- Don't get caught up in the short term
- Take the long term view and support AEGIS
- Become an **AEGIS ambassador**

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AEGIS



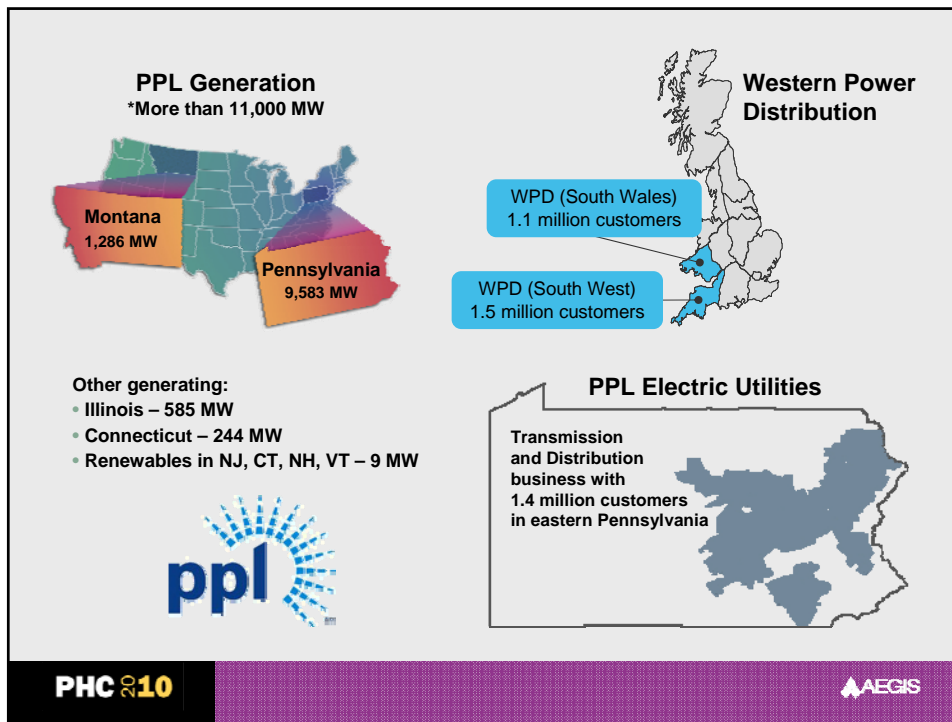
How to Sell AEGIS and the Mutual Concept to Senior Management

Terry Novatnack

Director, Corporate Risk and Insurance
PPL Corporation

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AEGIS



PPL Corporation
AEGIS Member since 1978

- AEGIS policies include
 - Excess Liability
 - D & O Liability
 - Fiduciary Liability
 - Professional Liability
 - Property

PHC 2010 **AEGIS**

My Personal Experience in Risk Management

- Began insurance career in 1979
- With PPL since 1982
- Experienced the D & O and liability crisis of the mid 80's
- Serve on AEGIS RMAC

How to Sell AEGIS to the "Boss"

M	is for Money – the boss likes it, and he likes to keep it for the long haul
U	is for YOU – tell the boss he is the owner, and with ownership comes privileges
T	is for Total – mutuals are totally committed to serving their owners
U	is for Underwriting – knowledge is power
A	is for All – we are all in it together
L	is for Litigation – mutuals try to resolve claims, not litigate them



How to Sell AEGIS and the Mutual Concept to Senior Management

Maureen Sammon

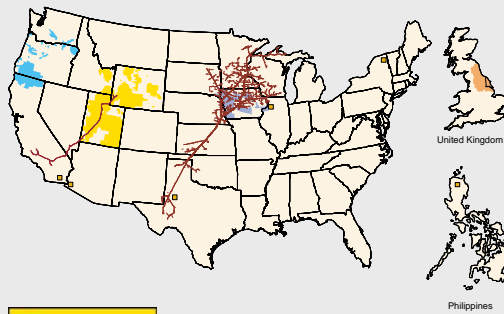
Senior Vice President and Chief Administrative Officer

MidAmerican Energy Holdings Company

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AEGIS

MidAmerican Energy Holdings Company Energy Assets



- \$45 billion of assets
- \$11.2 billion of revenue
- 7 million electric and natural gas customers worldwide
- Nearly 17,000 miles of interstate natural gas pipeline with more than 7.0 bcf design capacity
- More than 22,000 megawatts of owned and contracted generation capacity
- 25 percent of this generation capacity is renewable or noncarbon

PACIFICORP
PACIFIC POWER
 Pacific Power Service Territory
 Number of Customers: 729,000
ROCKY MOUNTAIN POWER
 Rocky Mountain Power Service Territory
 Number of Customers: 997,000
PACIFICORP ENERGY

Northern Natural Gas
 Northern Natural Gas Pipeline
 Number of Customers: 274
Kern River
 Kern River Gas Transmission Pipeline
 Number of Customers: 32

CE Electric UK
 CE Electric UK Service Territory
 Number of Customers: 3,831,000
CALENERGY
 Generation Operations
 Number of Customers: 11

MidAmerican ENERGY
 MidAmerican Energy Company Service Territory
 Number of Customers: 1,432,000

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AEGIS

MidAmerican Energy Holdings Company
AEGIS Member since 1978

- AEGIS policies include
 - Excess Liability
 - Workers' Compensation
 - Punitive Damages
 - Professional Liability
 - Property
 - Builder's Risk

My Personal Experience in Risk Management

- Began working for MidAmerican in 1986
- Handling insurance since 2003
- Serve on AEGIS RMAC

How to Sell AEGIS to Senior Management

- MidAmerican buys insurance to protect its stakeholders from catastrophic events
- Insurance is viewed as a financing tool, not an administrative overhead
- Understand your organization, its risks and its needs
- Work with AEGIS as your partner to design a program that meets your organization's needs and those of AEGIS
- Ensure that your broker understands the importance of AEGIS as part of your program

How to Sell AEGIS to Senior Management

- Have a long-term view that delivers balanced outcomes
 - Working with AEGIS, an industry expert, provides access to the resources that can help your organization improve its risk management and loss control practices
 - Build the support of operational management by delivering this value
 - Provides a forum for working through issues with AEGIS staff and other member companies
 - If a claim occurs, AEGIS provides expert claims handling and resolution
 - AEGIS can develop new products to address emerging issues

How to Sell AEGIS to Senior Management

- Using AEGIS resources to build the right program for your organization and AEGIS, with a long-term view, provides the foundation for selling mutual participation
- Focus on value plus price, not price alone
- Demonstrate the value, not just at renewals, by involving operational management