AEGIS 2023 Annual Review

Five-Year Financial Highlights Associated Electric & Gas Insurance Services Limited

Expressed in thousands of U.S. dollars)	2019	2020	2021	2022	202
Revenue:					
Gross premiums written	\$1,815,733	\$2,092,383	\$ 2,377,763	\$ 2,649,521	\$ 2,836,443
Net premiums written	1,156,788	1,322,551	1,469,532	1,650,250	1,820,04
Net premiums earned	1,071,783	1,213,640	1,403,317	1,534,450	1,722,91
Net investment income	218,981	112,999	174,346	(75,898)	237,22
Change in fair value of insurance and reinsurance contracts	(59,873)	(45,684)	47,442	149,793	2,13
Total revenue	1,230,891	1,280,955	1,625,105	1,608,345	1,962,27
Expenses:					
Losses and loss expenses incurred	753,158	795,950	925,254	997,313	1,079,06
Commission expense	137,038	149,883	157,670	163,413	207,32
Other underwriting expenses	137,460	131,122	188,271	188,476	220,67
Total expenses	1,027,656	1,076,955	1,271,195	1,349,202	1,507,06
Income before continuity and other premium credits and					
income taxes	203,235	204,000	353,910	259,143	455,20
Continuity and other premium credits	58,817	63,346	67,600	71,235	72,41
Income before income taxes	144,418	140,654	286,310	187,908	382,79
Income tax provision	26,483	28,387	56,526	49,123	84,85
Net income	\$ 117,935	\$ 112,267	\$ 229,784	\$ 138,785	\$ 297,93
Other comprehensive income (loss) and other surplus changes, net of income tax (benefit) expense	28,490	5,414	(22,627)	(15,840)	19,72
Total surplus, beginning of year	\$1,636,128	\$1,782,553	\$1,900,234	\$ 2,107,391	\$ 2,230,33
Total surplus, end of year	\$1,782,553	\$1,900,234	\$ 2,107,391	\$ 2,230,336	\$ 2,547,99
Total assets	\$7,868,164	\$8,629,627	\$9,440,036	\$10,307,891	\$10,725,55
Reserve for losses and loss expenses	\$4,028,487	\$4,351,822	\$4,863,806	\$ 5,525,263	\$ 5,563,35



Letter to Our Membership



William L. Hillman



Wesley W. von Schack

We are pleased to report that 2023 was another good year for your Mutual. AEGIS achieved strong underwriting performance, record surplus and solid returns on investments. Our financial strength, fueled by a disciplined underwriting approach and deep industry insight, enabled us to deliver responsive, sustainable and consistent coverage at competitive but financially responsible pricing.

Record gross premium written for the Mutual of \$1.5B in 2023 affirms that we are delivering to our members the coverage, capacity and services they want. Expanded excess liability limits, broad industry-specific cyber coverage, responsive claims handling on generation outage, market-leading loss control engineering and industry-specific severe convective storm modeling for renewable assets once again set us apart from other carriers.

Our London Syndicate also had an excellent year, leading the London market from an underwriting perspective and continuing to fulfill its mission to provide a diversified income stream to strengthen our financial position.

On the heels of the many challenges faced in 2022, AEGIS was prepared, working closely with members to manage evolving exposures in a mutually successful way. Changes to coverage and pricing were communicated clearly and well in advance of implementation, allowing members sufficient time to adjust structure and budget as well as appropriately communicate any changes to their stakeholders. Underwriting changes made in response to property shock losses in 2022 were based on individual exposure, designed to minimally impact the fewest members possible. The unprecedented wholesale power price volatility of 2022 was also met with quick generation outage claims payments in 2023, as well as continued prompt turnaround on renewal quotes and consistent coverage to avoid disruption and manage this perilous risk.

In 2023, our members again suffered wildfire losses. We provided a timely claims response to impacted members and continued to offer consistent or increased coverage at appropriate pricing levels for this critical exposure.

We closed out 2023 with the retirement of Bill Cullen. Bill retired after 26 years of dedicated service to AEGIS, both as Chief Underwriting Officer and President and CEO, leaving an enduring legacy of meeting our policyholders' needs. As CEO for the past six years, Bill led AEGIS to our strongest financial position ever. On behalf of the members and our Board of Directors, we thank him for his outstanding leadership and many contributions.

We also want to thank our Group and London Board of Directors, as well as the Risk Management Advisory Committee (RMAC), Claims and Loss Control Task Forces and our General Counsel Group. Your generous time and expert guidance ensure we are prepared to meet member needs today while carefully planning for the future.

Finally, thank you to our members for trusting us. We will continue to work collaboratively to manage and meet your emerging risk needs.

Wet you Schack MMLAN

Sincerely,

Wesley W. von Schack Chairman of the Board William L. Hillman President & CEO

April 15, 2024

Remembering Christopher M. Crane

We were deeply saddened by the loss of Christopher M. Crane, who passed away on April 13, 2024. Chris was the former CEO of Exelon, and served as the Vice Chairman of our Board of Directors and a member of our London Board. During his long career, Chris steered Exelon through several transformations to become an industry leader in grid reliability, operational safety, customer service and clean energy. Chris gave generously of his time, holding several key industry roles throughout his career, including chair of the Edison Electric Institute, the Institute of Nuclear Power Operations and the Nuclear Energy Institute.

Chris joined the AEGIS Board in 2015 and served on our Executive, Audit & Finance and Compensation & Benefits Committees. He was a member of the AEGIS London Board as well, serving on its Audit, Remuneration & Nominations and Risk Committees. Chris was a long-term believer in the mission of AEGIS and a mentor and advocate for its people, both here and in the U.K. Chris will be greatly missed by all who had the privilege to work with him, and his loss will be felt by everyone at AEGIS and at so many other organizations.

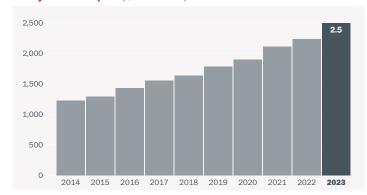
2023 Performance

AEGIS delivered robust financial performance in 2023, achieving record policyholder surplus and gross premiums written thanks largely to member support of our stable coverage and expanded excess liability limits.

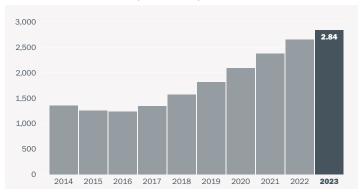
Top-line growth, underpinned by prudent underwriting, effective loss control services, strategic capacity increases and responsible expense management enabled us to expand amounts returned to members through premium credits while managing increased claims severity in certain areas.

The continued outstanding underwriting performance of our London Syndicate also contributed appreciably to overall profitability. AEGIS holds an esteemed "A" rating from all three rating agencies, A.M. Best, S&P Global and Fitch, signifying confidence in our ability to maintain exceptional capitalization and solid operational profitability. These achievements are a testament to our unwavering commitment to provide strong and stable capacity and a fair approach to claims to meet our members' evolving needs.

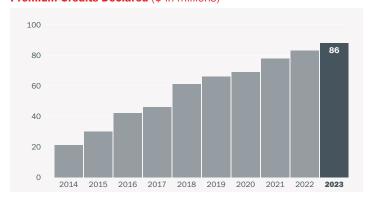
Policyholder Surplus (\$ in billions)



Gross Premiums Written (\$ in billions)



Premium Credits Declared (\$ in millions)



\$2.5B

Policyholder
Surplus reached
a record

\$2.84B

Gross Premiums
Written reached
a record

\$1.8B

Credits Paid to Policyholders since 1975

87%

Combined Ratio

6%

Mutual Expense Ratio \$23B

Claims Paid to Policyholders since 1975

\$10.7B

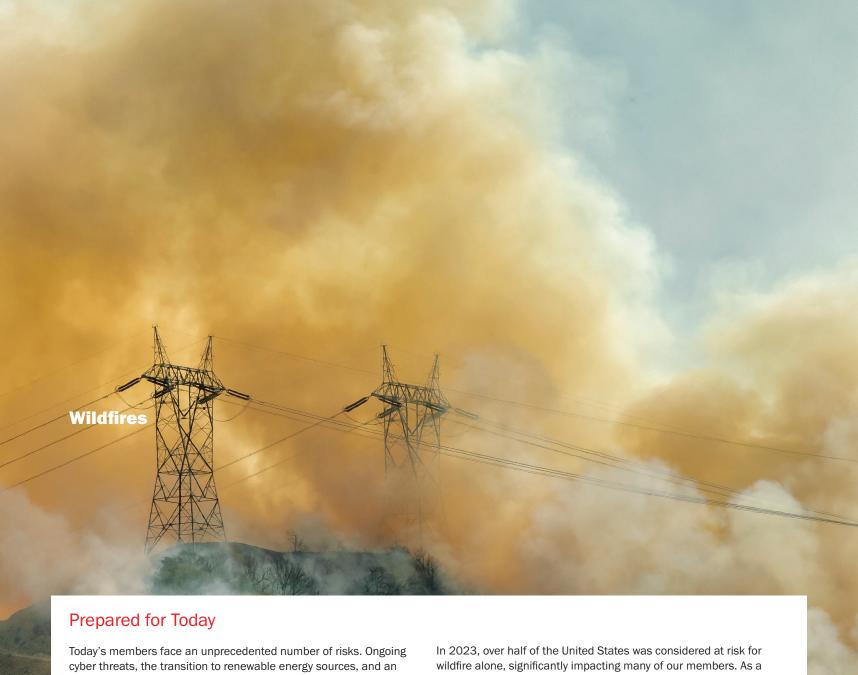
Total Assets reached a record

"A"

Rating by A.M. Best

"A"

Upgraded Rating by S&P Global



Today's members face an unprecedented number of risks. Ongoing cyber threats, the transition to renewable energy sources, and an increase in both frequency and intensity of natural catastrophe events remained top of mind for our members in 2023 and AEGIS stood ready to respond.

In 2023, over half of the United States was considered at risk for wildfire alone, significantly impacting many of our members. As a result, the industry saw many insurance carriers reduce capacity, restrict terms or retreat altogether. However, AEGIS remained steadfast, ready with the stable capacity and unwavering claims support our members count on to ensure resilience in good times and bad.



Responding to Member Needs

Deep industry knowledge and a singular focus on members enabled AEGIS to again proactively meet our members' needs in 2023, ready with the risk management guidance, coverage and claims support our policyholders count on.

Our members experienced heightened wildfire and other natural catastrophe-related losses, and faced continued cyber risks and a host of evolving exposures associated with the energy transition. AEGIS was prepared, offering consistent or increased coverage and timely claims response.

With these challenges came opportunity, the chance to work together as an industry united with the common goal of supporting the energy transition. Our members took advantage of our monthly Loss Control webinars, Focused Services offerings, Claims Roundtable series and annual Policyholders' Conference in record numbers, sharing expertise and best practices on emerging and existing risks.

AEGIS is proud to continue to lead the way, evolving in step with our members, adapting our programs, products and coverage to meet their needs in good times and bad.

"Working with AEGIS provides stakeholders stability, predictability and confidence in asset protection. Those are incredibly valuable things in today's marketplace. AEGIS is more than just an insurer; it's a community. AEGIS gives us a platform to work together with like-minded individuals to gain better insight into where those challenges are next going to pop up so we can protect everybody's best interest." – Shawn Anderson





Communicating Clearly

Keeping our members in the loop remained a priority in 2023. This meant communicating clearly, frequently and collaboratively across a variety of channels to stay ahead of the evolving risk landscape.

AEGIS communicated regularly with its members through monthly Loss Control webinars, a Claims Roundtable series, regional meetings, our annual Policyholders' Conference, AEGIS News, Quick Tips, Perspectives, white papers and LinkedIn posts. AEGIS members have come to rely on these resources to stay abreast of industry trends, important safety updates and available AEGIS products and services.

Perhaps most important is the direct communication between our members and our underwriting, loss control and claims professionals. These deep, long-standing relationships set AEGIS apart, enabling us to identify and mitigate exposures, establish renewal guidance and ensure stable coverage at the lowest cost of risk.

"AEGIS's experience and the overall knowledge they provide risk managers is invaluable. Aside from having great coverages, I think everyone on the AEGIS staff has a wealth of knowledge that they share with members to inform critical risk mitigation strategies. I know that whatever challenges I face, AEGIS is always there for me." — Rebecca Tafoya

Evolving with Our Members

AEGIS continues to progress in step with its members, working together to keep pace with our changing world. As the energy industry rapidly evolves, we continue to build strength in our balance sheet and to work closely with our members to manage risk today while preparing for challenges on the horizon.

Engagement with our members remained a priority. Our member-led task forces and committees serve as a critical resource in guiding us on our path forward. In 2023, AEGIS created a General Counsel Group and added new members to our Risk Management Advisory Committee (RMAC), a geographically diverse advisory committee of our Board of Directors that represents all types of utility operations. In addition, we formed a Loss Control Claims Advisory Committee (LCCAC) comprised of members of our RMAC and our Loss Control and Claims Task Forces. Altogether, 55 member company representatives participated on one or more of our committees, offering valuable insights into managing evolving risks. We remain grateful for the sage counsel these committees provide to the senior management of the Mutual.

AEGIS continues to invest in the transition to renewable energy sources alongside our members. We are proud to support our members who are leading the charge on the energy transition and remain committed to providing stable coverage needed to safeguard against developing exposures.

With nearly 50 years of data and industry experience and a robust financial foundation, AEGIS stands ready to offer sound guidance, stable capacity and unwavering claims support to our members as we plan together for our future.

"As a mutual insurer, AEGIS has in-depth industry knowledge, and takes a collaborative approach to risk analysis and effective and efficient claims resolution. AEGIS is proactive in identifying products to meet evolving industry needs, connecting us with peers to share best practices and providing us with access to its many experts. We value our relationship with AEGIS and the stability it has provided our business for the past 40 years." – Monica Karuturi





AEGIS London

Our London Syndicate continues to provide a valuable diversified income stream to strengthen our financial position. In its 25th year, AEGIS London reported exceptionally strong results across the market with minimal catastrophe loss activity. This continues a long run of profitable years and reflects the Syndicate's long-term strategic focus on underwriting excellence.

In 2023, AEGIS London reported a US GAAP profit of \$173M, up 177% from 2022. Gross premium written was \$1.3B, an increase of 15% over 2022, with a combined ratio of 85%.

The Syndicate's claims team was again recognized as a market leader, having been granted the prestigious Outstanding Claims Service Quality Marque by independent research organization Gracechurch Consulting for eight years in a row.

AEGIS London's talented team of people and well-established, diversified book of business, along with many valued collaborative partnerships, form the core of its sustained performance. Embracing opportunities such as digitalization and leveraging data further enhances its success.

William P. Cullen

We extend our heartfelt appreciation to Bill Cullen, who retired at the close of 2023 after 26 years of dedicated service to AEGIS, both as Chief Underwriting Officer and President and CEO. Under Bill's leadership, AEGIS achieved unprecedented financial strength, solidifying its position as a market leader and propelling its London operation to a top-quartile Lloyd's Syndicate that continues to deliver robust returns to member surplus. Bill's legacy of excellence sets a high standard for us to uphold as we remain committed to serving our valued policyholders with distinction.

We thank Bill for his steadfast leadership and wish him every happiness in his retirement.

"On behalf of all of us at AEGIS, I want to express our gratitude and appreciation for Bill Cullen's leadership and contributions to AEGIS. Bill skillfully guided the Company through incredibly challenging periods in both the energy and insurance industries while delivering outstanding financial results."

Transitions

This year brought several changes to our valued leadership and AEGIS employees. We thank the departing members of our US and London Board of Directors, RMAC, Claims and Loss Control Task Forces and staff for their many valuable contributions, and welcome the incoming members to their new roles.

Board of Directors

Gregory E. Abel, Vice Chairman – Non-Insurance Business Operations, Berkshire Hathaway Inc. and Chairman, Berkshire Hathaway Energy Company, retired from the Board in September 2023 after nine years of service.

Robert W. Best, Director, Retired & Former Chairman, Atmos Energy Corporation, retired from the Board in September 2023 after 18 years of service.

Charles A. Schrock, Chairman & CEO, Retired, Integrys Energy Group, Inc., retired from the Board in September 2023 after 13 years of service.

Scott W. Thon, President & CEO, Berkshire Hathaway Energy, joined the Board September 20, 2023.

Kevin H. Kelley, Vice Chairman, Retired, Liberty Mutual – Global Risk Solutions, joined the Board March 17, 2023.

AEGIS London Board of Directors

Constance H. Lau, President & CEO, Retired, Hawaiian Electric Industries, and a long-term member of the Group Board, joined the AEGIS London Board of Directors in March 2023.

Risk Management Advisory Committee

Derek Boyd, Director of Security & Risk Management, Atmos Energy Corporation, joined the RMAC in April 2023. Derek previously served on the Claims Task Force from 2011 through 2023.

Johana Molina-Parks, Director of Risk Management, NextEra Energy Resources, joined the RMAC in April 2023.

Claims Task Force

Derek Boyd, Director of Security & Risk Management, Atmos Energy Corporation, left the Claims Task Force in July 2023 after serving 12 years.

Marie Ruettgers, Associate General Counsel, Black Hills Corporation, left the Claims Task Force in June 2023. Marie joined in August 2019.

Brooke McNabb, Associate General Counsel – Litigation, CenterPoint Energy, joined the Claims Task Force in June 2023.



In Memoriam

Christopher M. Crane, Vice Chairman of the AEGIS Board of Directors, and member of the AEGIS London Board of Directors, passed away on April 13, 2024. Chris's leadership, guidance and support will be deeply missed by the entire AEGIS community.

Leadership

Our mutual efforts are guided by these experienced executives and professionals drawn from the member companies we serve. We are proud to have 55 member company representatives – from 41 companies – serving on the Board of Directors, RMAC and Task Forces (Loss Control, Claims, ERM Evolving Utility and General Counsel). They generously contribute their time and expertise, and they are essential to our success.

2023 Board of Directors

Gregory E. Abel

Vice Chairman – Non-Insurance
Business Operations
Berkshire Hathaway Inc.
Chairman
Berkshire Hathaway Energy Company

Robert W. Best

Director, Retired & Former Chairman Atmos Energy Corporation

Robert M. Blue

Chairman, President & CEO Dominion Energy, Inc.

Thomas G.S. Busher

Chairman AEGIS London

Christopher M. Crane

President & CEO, Retired Exelon Corporation

William P. Cullen

President & CEO
AEGIS Insurance Services, Inc.

Lisa D. Johnson

CEO & General Manager Seminole Electric Cooperative, Inc.

Kevin H. Kelley

Vice Chairman, Retired Liberty Mutual – Global Risk Solutions

Constance H. Lau

President & CEO, Retired Hawaiian Electric Industries, Inc.

Patricia K. Poppe

CEO

PG&E Corporation

Charles A. Schrock

Chairman & CEO, Retired Integrys Energy Group, Inc.

Eric E. Silagy

Chairman, President & CEO, Retired Florida Power & Light Company

Scott W. Thon

President & CEO Berkshire Hathaway Energy

Wesley W. von Schack

Chairman

Associated Electric & Gas Insurance Services Limited

Officers

Wesley W. von Schack

Chairman of the Board

Christopher M. Crane

Vice Chairman

William P. Cullen

President & Chief Executive Officer

William L. Hillman

Assistant Vice President & Chief Underwriting Officer

Thomas D. Cain

Assistant Vice President – Property Underwriting

Martin J. Gaffney

Assistant Vice President – Casualty Underwriting

Michael S. Johnson

Chief Financial Officer

Simon J. Day

Chief Actuary

Patricia L. McKenna

Treasurer

Erich E. Pell

Chief Accounting Officer & Controller

Mark A. Walsh

General Counsel & Secretary

Elda B. Feldman

Assistant Secretary

2023 AEGIS London Board of Directors

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Chairman

Christopher Forbes

Deputy Chairman

Alex Powell

Chief Executive Officer

Christopher M. Crane

Jonathan Gray

Constance Lau

Michael Onslow

Graeme Tennyson

Wesley W. von Schack

Katie Wade

Matthew C. Yeldham

Risk Management Advisory Committee

(RMAC)

Wesley W. von Schack

Associated Electric & Gas Insurance Services Limited

Derek Boyd

Atmos Energy Corporation

Johan G. Bramer

TC Energy Corporation

Timothy R. Bucci

The Williams Companies, Inc.

Neil K. Cayabyab

Sempra Energy

Denise M. Cosentino

Eversource Energy

Gregg Crenshaw

Dominion Energy, Inc.

John Frank

Basin Electric Power Cooperative

Deborah S. Gaffney

Southern Company

Heidi K. Gossett

NiSource Inc.

Lisa R. Groff

American Electric Power Company, Inc.

David A. Layne

Algonquin Power & Utilities Corp.

Joseph T. Meaney, Jr.

The AES Corporation

Michael A. Mee

Exelon Corporation

Julie A. Milbrandt

Puget Sound Energy, Inc.

Robert L. Miller

Xcel Energy Inc.

Johana Molina-Parks

NextEra Energy Resources

James M. Vacek

CenterPoint Energy, Inc.

Enterprise Risk Management (ERM) Task Force

Denise M. Cosentino

Eversource Energy

Lisa R. Groff

American Electric Power Company, Inc.

Heidi K. Gossett

NiSource Inc.

Evolving Utility Industry Risk Task Force

J.P. Agnesse

Portland General Electric Company

Bradley Anderson

Southwest Gas Corporation

Thomas C. Rice

Tennessee Valley Authority

Claims Task Force

David P. Abernathy

Spire Inc.

Teresa G. Black

Alabama Power Company

Javier Cuebas

TECO Energy, Inc.

Bryony Hodges

Dominion Energy, Inc.

George W. Marget III

Dominion Energy, Inc.

Brooke McNabb

CenterPoint Energy, Inc.

Craig Roecks

Southwest Gas Corporation

Timothy J. Saviano

WEC Energy Group

Mark J. Sweeney

Pacific Gas & Electric Company

Loss Control Task Force

Eileen Bate

TransAlta Corporation

Robert Brandkamp

Avista Corporation

Edsel Carlson

TECO Energy, Inc.

Mariya Coleman

Berkshire Hathaway Energy

Gary Escobar

CPS Energy

Jackie French

Ameren Services

David J. Heller

Edison International

Lisa Hough

Omaha Public Power District

Randy W. Murdaugh

Associated Electric Cooperative, Inc.

John C. Norman

AVANGRID

Richard Sayette

Constellation Energy Corporation

Loss Control Claims Advisory Committee

Teresa G. Black

Alabama Power Company

Derek Boyd

Atmos Energy Corporation

Deborah S. Gaffney

Southern Company

David J. Heller

Edison International

Lisa Hough

Omaha Public Power District

David A. Lavne

Algonquin Power & Utilities Corp.

Michael A. Mee

Exelon Corporation

Mark J. Sweeney, Esq.

Pacific Gas & Electric Company

General Counsel Group

John T. Burnett

Florida Power & Light Company

Kim Cuccia

NiSource, Inc.

David M. Feinberg

American Electric Power

Karen E. Hartsfield

Atmos Energy Corporation

Monica Karuturi

CenterPoint Energy, Inc.

Sarah Knowlton

Liberty Algonquin Business Services (USA)

Sterling Spainhour

Southern Company

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E-mail: enquiries@aegislondon.co.uk

2024 AEGIS Meetings

Annual Meeting

The Annual General Meeting of Members of the Company will be held on October 24, 2024. Notice of the Meeting and the form of proxy will be issued to each voting Member not less than ten days before the meeting convenes, stating the date, place, time and nature of the business to be considered.

Policyholders' Conference

The annual AEGIS Policyholders' Conference will be held July 15 to 18, 2024, in Vancouver, B.C., Canada. Registration information will be e-mailed and posted on our website.

Other Meetings and Seminars

AEGIS will also host a series of regional member meetings, Claims Roundtable seminars and Loss Control webinars throughout 2024. Please visit aegislink.com for details.

Associated Electric & Gas Insurance Services Limited ("AEGIS") was incorporated in Bermuda in 1971 and commenced underwriting activities in 1975. AEGIS is a Class 3 Insurer in Bermuda.

AEGIS is an eligible surplus lines insurer in all jurisdictions of the United States. It is subject to United States federal income taxes, files the required tax returns, and maintains a United States trust fund in excess of \$250,000,000. AEGIS is also a licensed foreign insurance company in Canada and in all provinces and territories of Canada and is listed on the general register of foreign reinsurers in Mexico.

AEGIS' operations are conducted through a wholly-owned subsidiary, AEGIS Insurance Services, Inc. ("AEGIS Services"), which provides AEGIS and its affiliates with professional staff and services.

AEGIS London (the AEGIS Syndicate at Lloyd's of London, number 1225) commenced operations in 1999. AEGIS London's operations are supported by AEGIS Managing Agency Limited ("AMAL"), which provides professional staff and services for AEGIS London. AEGIS Electric & Gas International Services Limited ("AEGIS International") is a corporate member of Lloyd's and the principal capital provider of AEGIS London. Both AMAL and AEGIS International are indirect subsidiaries of AEGIS.

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