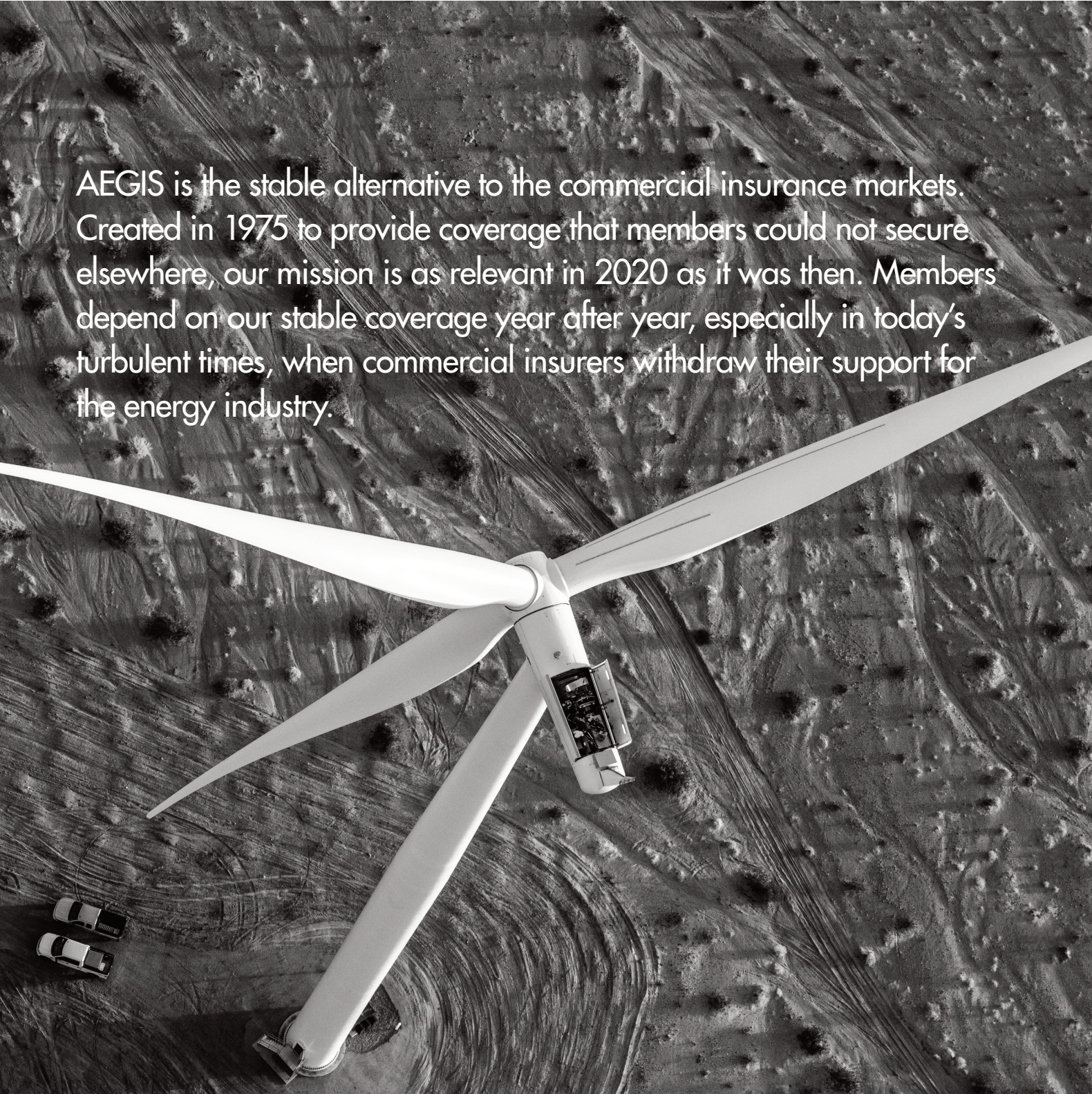


AEGIS 2019
Annual Review

Stability.



AEGIS is the stable alternative to the commercial insurance markets. Created in 1975 to provide coverage that members could not secure elsewhere, our mission is as relevant in 2020 as it was then. Members depend on our stable coverage year after year, especially in today's turbulent times, when commercial insurers withdraw their support for the energy industry.

Letter to our Membership

We are pleased that our partnership with members produced another strong year for your mutual, with policyholder surplus reaching an all-time high of \$1.78 billion. It has been said that if AEGIS did not exist it would need to be created. This assertion could not have been truer than it was in 2019, when the commercial insurance markets reduced available limits, excluded specific perils and dramatically increased premiums in the energy sector based on concerns ranging from climate change to deteriorating claims trends. AEGIS, true to its mutual mission, stepped in to provide expanded limits, consistent coverage and a stable approach to pricing, which helped members manage their evolving risks.

Our total gross premiums written for the Group, which consists of our mutual and AEGIS London operations, were \$1.82 billion, an increase of 16% from the previous year. Premium revenues for the mutual alone topped \$1 billion for the first time, as members turned to AEGIS to purchase new or expanded limits for excess liability, property and renewable energy. We were also pleased to pay more than \$1 billion in claims to policyholders in 2019. This is the highest level we have paid in any single year, and brought the total amount of claims paid since AEGIS was founded in 1975 to more than \$18 billion.

In addition to paying a record high level of claims, we declared \$66 million in premium credits to policyholders in 2019, which brings the total amount of premium credits over the life of the credit programs to \$1.33 billion. These credits include \$10.8 million in our new Member Loyalty Credits. Our premium credit programs help lower the long-term cost of risk for members, which is yet another benefit that distinguishes AEGIS from the commercial markets.

Our stability and our ability to serve members year after year is no accident. We are always looking ahead to anticipate member needs, and we are investing in resources to support our mutual mission. Expecting that the commercial insurance markets would constrict as they did in 2019, we began building our property consortium in 2014, expanded our excess liability capacity in 2017, and formed our renewable energy alliance in 2018. With the same foresight, we are also building more robust loss control data analytics to help differentiate each member's loss profile.

Our investment in AEGIS London has consistently delivered a contribution to policyholder surplus growth for 15 years in a row and it is recognized as a top-quartile syndicate at Lloyd's of London. Across the Group, we continue to hire leading industry talent in order to maintain a strong, stable management team, and we recently added senior executives in the Underwriting, Loss Control and Information Technology divisions.

The strong results generated in 2019 would not have been possible without the industry expertise and commitment of our members, brokers, Board of Directors, Risk Management Advisory Committee (RMAC), Task Forces and AEGIS employees in North America and London. We are grateful for their countless contributions and we are confident that we will continue to build on this success in 2020.



Wesley W. von Schack
Chairman of the Board

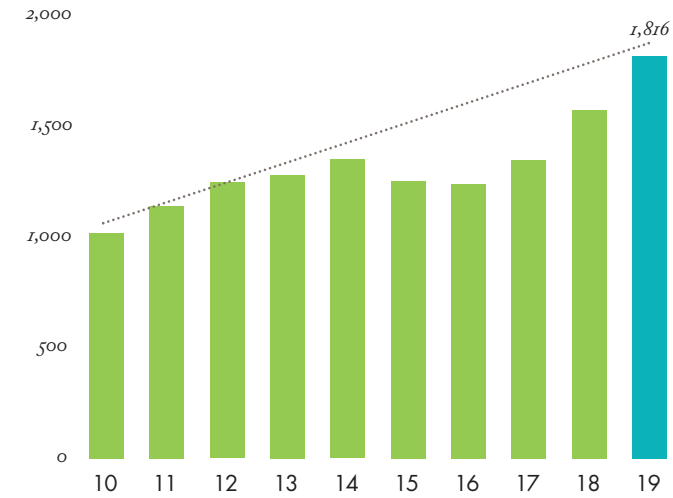


William P. Cullen
President & CEO

Our partnership with policyholders produced outstanding results in 2019.

The leading indicators of our financial strength, sound underwriting practices and claims-paying ability reached new heights. In fact, we achieved a major milestone in the history of the company: we paid more than \$1 billion in claims during a single year. These results are possible thanks to the ongoing support of our policyholders.

Gross Premiums Written
Mutual and Syndicate (\$ millions)



2019 Group Results

Gross premiums written: \$1.82 billion

Policyholder surplus reached record: \$1.78 billion

Combined ratio: 96%

Claims paid to policyholders since 1975: \$18 billion

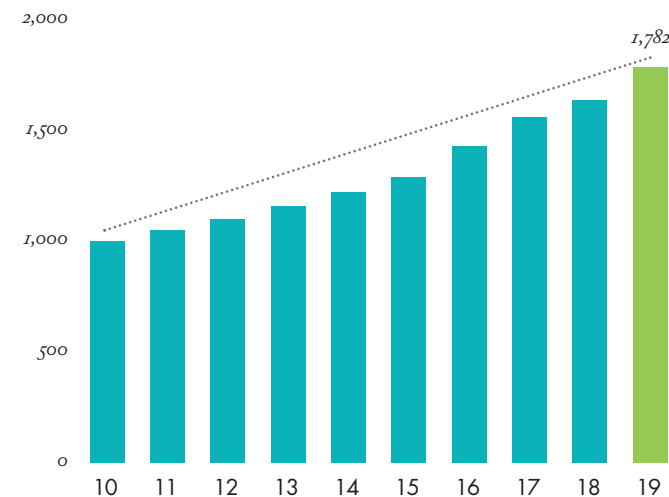
Gross investment return: 6.4%

Total assets: \$7.9 billion

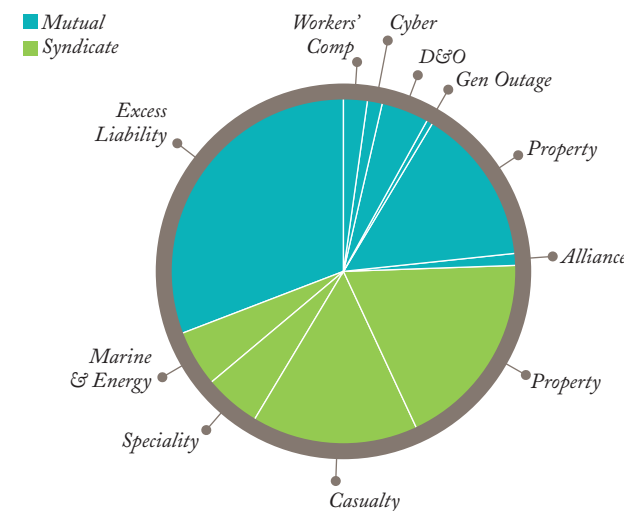
Member retention ratio: 98%

A.M. Best rating: "A" Stable

Policyholder Surplus
(\$ millions)



Gross Premium by Line of Business
Mutual and Syndicate



Five-Year Financial Highlights

Associated Electric & Gas Insurance Services Limited

For the years ended December 31 (Expressed in thousands of U.S. dollars)

	2015	2016	2017	2018	2019
Revenue:					
Gross premiums written	\$1,250,510	\$1,236,475	\$1,344,705	\$1,567,145	\$1,815,733
Net premiums written	860,121	821,955	880,647	1,028,021	1,156,788
Net premiums earned	892,685	838,455	852,131	961,028	1,071,783
Net investment income (loss)	(16,791)	117,725	147,935	58,073	218,981
Change in fair value of insurance and reinsurance contracts	28,642	(22,333)	(31,284)	(1,630)	(59,873)
<i>Total revenue</i>	904,536	933,847	968,782	1,017,471	1,230,891
Expenses:					
Losses and loss expenses incurred	518,745	556,630	567,905	594,727	753,158
Commission expenses	97,077	82,589	98,172	122,340	137,038
Other underwriting expenses	111,434	99,771	105,091	129,389	137,460
<i>Total expenses</i>	727,256	738,990	771,168	846,456	1,027,656
<i>Income before continuity and other premium credits and income taxes</i>	177,280	194,857	197,614	171,015	203,235
Continuity and other premium credits	19,964	29,275	37,837	44,709	58,817
<i>Income before income taxes</i>	157,316	165,582	159,777	126,306	144,418
Income tax provision	70,162	53,467	27,050	26,199	26,483
<i>Net income</i>	\$ 87,154	\$ 112,115	\$ 132,727	\$ 100,107	\$ 117,935
Other comprehensive (loss) income, net of income tax (benefit) expense	(18,596)	26,478	(4,160)	(21,244)	28,490
Total surplus, beginning of year	1,221,547	1,290,105	1,428,698	1,557,265	1,636,128
<i>Total surplus, end of year</i>	\$1,290,105	\$1,428,698	\$1,557,265	\$1,636,128	\$1,782,553
Total assets	\$5,718,282	\$6,087,210	\$6,512,136	\$7,073,674	\$7,868,164
Reserve for losses and loss expenses	\$2,879,855	\$3,068,261	\$3,306,617	\$3,659,832	\$4,028,487

Stability enables us to focus on enhancing existing products and services, and developing new ones.

As a mutual, we're committed to the energy industry for the long term. We don't retreat when times are tough. Instead, we stay put and remain focused on providing members with the products and services they need.

In the past two years, we introduced these new products and enhancements:

- A Member Loyalty Credit for members who purchase four or five out of seven AEGIS coverages
- Cyber liability coverage for small to midsize policyholders
- Contingent outage and capacity performance policies for electric utilities
- Increased capacity for members with renewable exposures through an alliance with a leading renewable underwriter

In the Loss Control area, we're looking at new ways to leverage our vast amount of energy industry data to help members improve the safety and reliability of their operations.

Our mutual operations insure almost every light switch and burner tip in North America.

AEGIS members represent virtually the entire energy infrastructure in the United States and Canada, including electric and natural gas utilities, related energy companies, oil & gas exploration and production companies, water utilities, and transmission & distribution companies. The scope of AEGIS member company operations is impressive.

2.3

million miles of gas distribution pipeline

297

thousand utility trucks and automobiles

119

million customers of electric utilities

3.5

million miles of electric transmission and distribution lines

700

thousand electric and gas company employees

73

million customers of natural gas utilities

1.5

trillion dollars in member company market capitalization

Transitions

Two members of the AEGIS Board of Directors chose not to stand for reelection in 2019. **Walter M. Higgins**, Chairman of South Jersey Industries, and **James J. Jura**, CEO & General Manager, Retired, of Associated Electric Cooperative, resigned from the Board and were elected to the position of Director Emeritus. We thank them for their many valuable contributions to AEGIS and wish them all the best in the future. We are pleased to welcome two new members to the AEGIS Board of Directors: **Lisa D. Johnson**, CEO & General Manager of Seminole Electric Cooperative, and **Patricia K. Poppe**, President & CEO of CMS Energy Corporation. We look forward to their contributions.

On the RMAC's Enterprise Risk Management Task Force, **Christopher Eaton**, Director of Risk, Standards & Assurance at Enbridge, stepped down, and **Lisa Groff** of American Electric Power Company was promoted to Chief Risk Officer and moved from the Evolving Utility Industry Risk Task Force to the Enterprise Risk Management Task Force. **George W. Marget**, Deputy General Counsel at Dominion Energy, stepped down from the Evolving Utility Industry Risk Task Force but continues to serve on the Claims Task Force.

Teresa Minor, Director of Risk Services at Alabama Power Company, and **Marie Ruetters**, Associate General Counsel at Black Hills Corporation, joined the Claims Task Force. We welcome them to their new roles and look forward to their contributions.

Three members left the Loss Control Task Force in 2019. **Robert Green**, Insurance and Risk Manager at PSE&G and one of the longest-serving task force members, stepped down in anticipation of his retirement. **John Mellette** volunteered to leave the task force after SCANA was acquired by Dominion Energy. John continues to work for Dominion as Corporate Risk Specialist. **Scott Wibbenmeyer**, Director of Renewable and Technical Business Development at Ameren, stepped down due to the added responsibilities of his new position. Two new members joined the Loss Control Task Force: **Eileen Bate**, Manager of Insurance at TransAlta, and **Heidi Gossett**, Director of Corporate Insurance at NiSource. We welcome them to their new roles and look forward to their contributions.

At AEGIS, we welcomed three senior executives to our management team. **Scott Schenker** joined as Senior Vice President and Chief Information Officer, with an extensive background in the insurance and financial services industries, including his most recent role as Senior Vice President and Global Chief Information Officer for Arch Capital Services. **Tim Heinze** joined as Senior Vice President and Head of the Loss Control Division. Tim comes to AEGIS from AXA XL, where he was Chief Operating Officer, North American Property, with responsibility for the tactical and strategic planning for property and engineering services. **Tom Kelly** joined the Underwriting Division as Senior Vice President and Chief Risk Officer. Tom comes to AEGIS with a diversified background in the P&C insurance and reinsurance industry. He most recently served as Chief Operating Officer at Allied World Assurance Company, and was previously at Allied World Reinsurance, where he served as Chief Underwriting Officer and Chief Operating Officer.

Leadership

Our mutual efforts are guided by these experienced executives and professionals drawn from the member companies we serve. They generously contribute their time and expertise, and they are essential to our success.

Board of Directors

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

Robert W. Best
Director & Former Chairman
Atmos Energy Corporation

Thomas G.S. Busher
Chairman
AEGIS London
Former Chief Operating Officer and
Deputy Chairman
Montpelier Re

Christopher M. Crane
President & CEO
Exelon Corporation

William P. Cullen
President & CEO
AEGIS Insurance Services, Inc.

Thomas F. Farrell, II
Chairman, President & CEO
Dominion Energy, Inc.

Lisa D. Johnson
CEO & General Manager
Seminole Electric Cooperative, Inc.

Constance H. Lau
President & CEO
Hawaiian Electric Industries, Inc.

Patricia K. Poppe
President & CEO
CMS Energy Corporation

Charles A. Schrock
Chairman & CEO, Retired
Integrus Energy Group, Inc.

Wesley W. von Schack
Chairman
Associated Electric & Gas Insurance
Services Limited

Officers

Wesley W. von Schack
Chairman of the Board

Gregory E. Abel
Vice Chairman

William P. Cullen
President & CEO

William L. Hillman
Assistant Vice President &
Chief Underwriting Officer

Michael S. Johnson
CFO & Controller

Simon J. Day
Actuary

Rip Reeves
Treasurer

Patricia L. McKenna
Assistant Treasurer

Mark A. Walsh
Secretary

Elda B. Feldman
Assistant Secretary

AEGIS London Board of Directors

Thomas G.S. Busher
Chairman

Christopher Forbes
Deputy Chairman

David Croom-Johnson
Managing Director

Gregory E. Abel
Christopher M. Crane
Thomas F. Farrell, II
Jonathan Gray
Michael Onslow
Alex Powell
Graeme Tennyson
Wesley W. von Schack
Matthew C. Yeldham

Leadership (continued)

Risk Management Advisory Committee (RMAC)

Wesley W. von Schack
Associated Electric & Gas Insurance Services Limited

Johan G. Bramer
TC Energy Corporation

Timothy R. Bucci
The Williams Companies, Inc.

Denise M. Cosentino
Eversource Energy

Gregg Crenshaw
Dominion Energy, Inc.

John Frank
Basin Electric Power Cooperative

Deborah S. Gaffney
Southern Company

Lisa R. Groff
American Electric Power Company, Inc.

David A. Layne
Algonquin Power & Utilities Corp.

Janaize Markland
Pacific Gas & Electric Company

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.

Peter M. Nadel
FirstEnergy Corp.

H. Wayne Soza
El Paso Electric Company

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.

Janaize Markland
Pacific Gas & Electric Company

H. Wayne Soza
El Paso Electric Company

Evolving Utility Industry Risk Task Force

J.P. Agnesse
Portland General Electric Company

Kirk A. Kelley
Tennessee Valley Authority

Ronald D. Rispoli
Entergy Services, LLC

Richard Sayette
Exelon Corporation

Frank Stanbrough
Southwest Gas Corporation

Claims Task Force

David P. Abernathy, Esq.
Spire Inc.

Derek W. Boyd
Atmos Energy Corporation

Kirk A. Cresto
NiSource Inc.

C. Larry Davis, Esq.
San Diego Gas & Electric Company

Bryony Hodges, Esq.
Dominion Energy, Inc.

Judy Y. Liu, Esq.
CenterPoint Energy Service Company, LLC

George W. Marget III, Esq.
Dominion Energy, Inc.

Douglas J. McKay, Esq.
Consolidated Edison Company of New York

Teresa Minor
Alabama Power Company

Marie Ruetters
Black Hills Corporation

Timothy J. Saviano, Esq.
WEC Energy Group

Mark J. Sweeney, Esq.
Pacific Gas & Electric Company

Loss Control Task Force

Eileen Bate
TransAlta Corporation

Mark S. Boone
Dominion Energy, Inc.

Robert Brandkamp
Avista Corporation

Mariya Coleman
Berkshire Hathaway Energy Company

Heidi Gossett
NiSource Inc.

David J. Heller
Edison International

Lisa Hough
Omaha Public Power District

Sandy Meyers
City Utilities of Springfield, Missouri

Randy W. Murdaugh
Associated Electric Cooperative, Inc.

John C. Norman
AVANGRID

Ronald D. Rispoli
Entergy Services, LLC

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Fax: 44.207.265.2101

Website: aegislondon.co.uk

E-mail: enquiries@aegislondon.co.uk

2020 AEGIS Meetings

Annual Meeting

The Annual General Meeting of Members of the Company will be held on October 22, 2020. 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.

Other Meetings and Seminars

AEGIS will also host a series of regional member meetings, Claims Roundtable seminars, and a number of underwriting, claims and loss control seminars and webinars throughout 2020. 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 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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