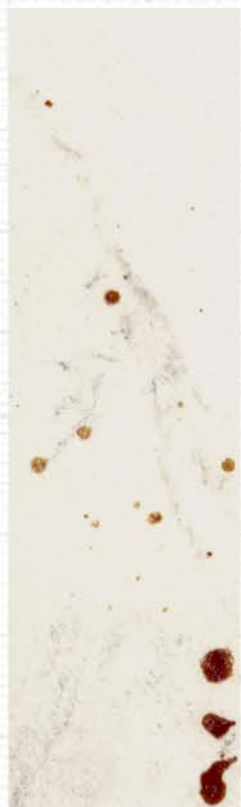




annual report 2012

NIRA





The Homecoming

R. Piccart 2013



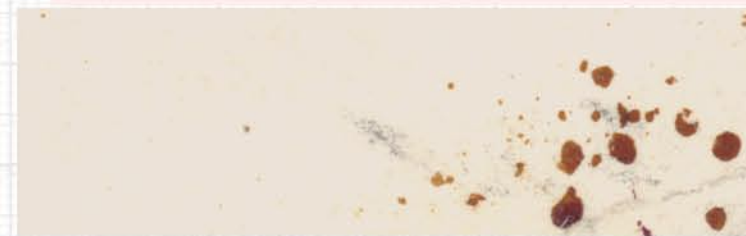
**Annual Report 2012  
of the Board of Directors  
and of the Statutory Auditor  
to be presented at  
the Annual General Meeting  
on 25 April 2013**

**The company (Mutual association) is  
incorporated in Luxembourg on December 11th 2008  
and governed by the modified Law of December 6th  
1991 on the insurance sector and the Grand-Ducal  
Regulation dated December 5th 2007 issued by the  
Commissariat aux Assurances and is authorised by  
l'arrêté ministeriel of March 30th 2009 to do reinsurance.**

**Registered Office : 15, Syrdallstrooss, L-6850 Manternach, Luxembourg**

**Tel. +352 267 10 031**

**Fax +352 263 83 135**





## Financial Highlights

In euro

### Statement of Earnings

	2012	2011
Net Premium Earned	6.225.667	6.090.821
Claims	-4.270.023	-4.587.686
Rebates	38.472	80.508
Expenses and Taxes	-616.704	-624.028
Net Investment Result	3.826.109	621.001
	-----	-----
Earnings before allocation to equalisation provision	5.203.521	1.580.616

### Balance Sheet

Assets	66.506.102	59.797.754
Liabilities	-29.676.100	-22.967.752
	-----	-----
Own funds	36.830.002	36.830.002



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## Members

### NIRA m.a.

AREVA NC  
Axpo Power AG  
Axpo Trading AG  
Belgoprocess NV  
BKW-FMB Energie  
British Energy Limited  
Bruce Power LP  
CEZ a.s.  
Centrales Nucléaires en Participation SA  
EDF  
E.ON Kernkraft GmbH  
E.ON Sverige AB  
EnBW Kernkraft GmbH  
EnBW Kraftwerke AG  
Energy Future Holdings Corp.  
EPZ NV  
Eskom Holdings Ltd  
Eurodif Production SA  
FBFC  
Forsmarks Kraftgrupp AB  
Fortum Power & Heat Oy

GKN BV  
GNS  
Kernkraftwerk Gösgen Däniken  
Kernkraftwerk Leibstadt AG  
Kernkraftwerk Obrigheim GmbH  
New Brunswick Power  
OKG Aktiebolag  
Ontario Power Generation  
PAKS Nuclear Power Plant Ltd  
Ringhals AB  
RWE Power AG  
SCK•CEN  
SKB  
Slovenské Elektrárne AS  
Socatri SARL  
Studsvik AB  
SVAFO AB  
Teollisuuden Voima Oyj Ltd  
URENCO Ltd  
Vattenfall Europe Nuclear Energy GmbH  
Zwilag AG



## Board

K. Luotonen  
J.D. Treillard  
C.D. Bölle  
G.J. Geertsema  
A. Geivaerts  
V. Hronek  
R. Jiménez-Shaw  
W. Maus  
D. Vanwelkenhuyzen

*Chairman*  
*Vice-Chairman*

## Underwriting Committee

D. Van Welkenhuyzen  
E. Desseyn  
A. Geivaerts  
M. Kautonen  
B. Kockum  
M. Laguna  
K. Luotonen  
J.D. Treillard

*Chairman*

## Finance and Investment Advisory Committee

M. Ekman  
R. Jiménez-Shaw  
K. Luotonen  
M. Vercammen

*Chairman*





## Management Committee

D. Vanwelkenhuyzen  
A. Geivaerts  
M. Laguna  
M. Vercammen

## Auditors

Deloitte Audit s.à.r.l.  
560, rue de Neudorf  
L-2220 Luxembourg  
Grand-Duchy of Luxembourg  
Represented by :  
Mr. Olivier Lefèvre  
Réviseur d'entreprises agréé

## Actuary

Deloitte Tax & Consulting  
560, rue de Neudorf,  
L-2220 Luxembourg  
Grand-Duchy of Luxembourg  
Represented by :  
Mr. Thierry Flamand  
Partner



## Letter from the Chairman

Dear Members,

It is my pleasure to introduce to you the Annual Report 2012 of Nuclear Industry Re-insurance Association, NIRA m.a. Luxembourg. This is the associations fourth year of operation.

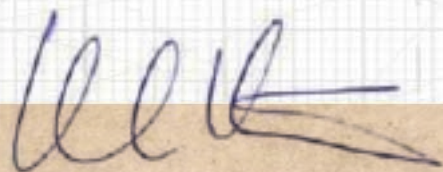
Our insurance business continued according to plan.

Total assets of our association developed very positively during last year, which to the large extent was due to the good result in the investment income. From the allocation in the previous year, maintaining majority of assets in cash, the position was turned to the opposite, maintaining majority of assets in corporate bonds. This high return, however, is not expected to occur this year, because of the low interest environment in Europe.

The premium income and claim expenses of the mutual are highly depending on reinsuring Emani, Elini and their members. The board and the management have made investigations about possibilities to diversify the business among the members other type of risks than nuclear as well as risks of third parties. One incentive for preparing for this kind of development is the changing environment of the nuclear industry. A questioner has been planned to be circulated among the members for this purpose to get better knowledge about the members' needs and possibilities for the mutual. Calculations based on the new Solvency II requirements against the mutual have also been made. The solvency of the mutual has been considered to remain strong in all the scenarios used. Intention is to develop these items further during this and the coming year.

I like to thank all the members for your support and give special thanks to my fellow board members as well as the management team for their work.

Looking forward of working with you in 2013.



Klaus Luotonen  
Chairman of the Board



## Corporate Message

NIRA is a mutual reinsurance association, founded in 2008 and headquartered in Luxembourg. NIRA stands for Nuclear Industry Reinsurance Association. All of the Members of the company are involved in the Nuclear sector. NIRA was traditionally an industry captive re-insurer. A fresh approach has been adopted to focus on the reinsurance of nuclear risks with the advantage which has been built over the last 20 years of discipline and an intricate knowledge of underwriting and risk management in this field. Our team's extensive and successful track record means we add genuine value to customers and brokers.

### A Strong Underwriting Culture

NIRA has brought a fresh approach to the reinsurance industry with focus, discipline and an intricate knowledge of underwriting and risk management in the area of nuclear risks.

### Leading Expertise and Experience

We have the right team in place, underwriting and management professionals with a wealth of experience in nuclear reinsurance.

### A Diverse, Balanced Book of Business

Independence gives us the freedom to write the reinsurance business we want to write, a diverse book across key lines of business in different areas of the world. We can respond quickly to market movements and developments.

### Industrial & Engineering Reinsurance

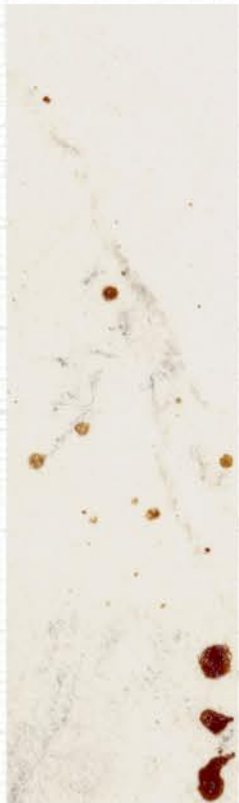
NIRA provides a complete range of reinsurance services across all project phases of power plant and other nuclear projects from preconstruction to operation.

### Operational Phase

Industrial All Risks (IAR) is a combined "All Risks" insurance for Property Damage (PD) and Machinery Breakdown (MB), combined with or without business interruption.

### Treaty Reinsurance

Treaty reinsurance for Property Damage and Third Party Liability.





## Corporate Governance Report

To ensure the appropriate level of corporate governance, the Board has put in place arrangements which it believes are suitable for a mutual carrying on reinsurance.

The relevant principles of governance are applied to the mutual in the following way:

### The Board

There are currently nine Board Members, including the Chairman, seven of them are representing the nuclear Members and two of them are members of the Management.

All of the Board Members are nominated by the General Meeting.

The Board meets four times a year and at other times as may be necessary, one of these meetings being held in Luxembourg.

### Board Committees

The Board has a schedule of matters that it reserves for itself. These matters cover approval of accounts, significant changes to accounting policies, changes to the membership of the Board and its Advisory Committees, recommendations of the strategy to be applied to the Members of the mutual, approval of the annual operating budget.

The first committee is the Management Committee .

In addition, the Board has appointed two Advisory Committees. These Committees report to the Board at each of their Meetings. The terms of reference for the Finance and Investment Advisory Committee and the Underwriting Committee, which are reviewed annually, have been agreed by the Members and the Board. The nomination of members within these Committees must be approved by the Board.



## Corporate Governance Report

### Board and Committee Papers

Appropriate and timely management information is circulated to Directors and committee members in good time before the Meetings.

### Annual General Meeting

The sections of the Articles of Association relating to the Annual General Meeting have been complied with.

### Internal Control

The Board is ultimately responsible for the mutual's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against misstatements or loss.

### Control Procedures

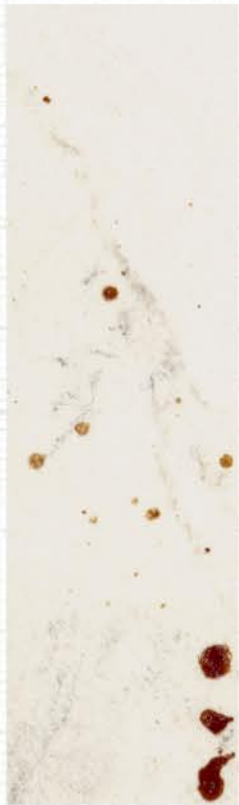
The mutual has implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include reviews by Management as well as internal and external audits.

### Risk Identification

The Management is responsible for the identification and evaluation of the risk underwritten. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources including regulatory requirements and/or authorities.

### Monitoring and Corrective Actions

The Company is producing a Code of Business Conduct, which will provide practical guidance for all staff.





## **Report of the Board of Directors to be presented to the Annual General Meeting of 25th April 2013**

Dear Member,

We are pleased to present for your approval the financial statements of Nuclear Industry Reinsurance Association, shortened NIRA (“the Company”) for its fourth year of operations, which started 1st January 2012 and ended on 31st December 2012.

The management of NIRA is responsible for the information contained in the financial statements and other sections of the annual report. The management considers that the financial statements and related information have been prepared in accordance with Luxembourg generally accepted accounting principles. These financial statements include amounts that are based on management’s judgment and best estimates.

NIRA maintains a system of internal accounting controls to provide reasonable assurance that our assets are safeguarded against loss from unauthorized use or disposal and that the accounting records provide a reliable basis for the preparation of the financial statements.

Deloitte Audit, société à responsabilité limitée, rue de Neudorf 560, 2220 Luxembourg, has been appointed with your approval, as the independent auditors to audit the financial statements and to express their opinion thereon. Their opinion is based on procedures considered by them to be sufficient to provide reasonable assurance that the financial statements present fairly, in all material respects, the financial position and results of operations. The audit report is also included in the annual report.

### **Activity**

The Company was incorporated in Luxembourg on December 11th, 2008 and published in the official journal “Mémorial C” under reference number 358 date February 18th, 2009.

The agreement from Commissariat aux Assurances was published March 30th, 2009 by “Arrêté Ministériel”.

Following the master novation agreement signed between NIRA Ltd., domiciled in the Isle of Man, and the Company, all reinsurance business of NIRA Ltd. were novated into the Company dated July 1st 2009.

For 2012 the overall combined re- insurance capacity Material Damage and Third party liability has increased to € 54.000.000 versus € 48.000.000 previous year’s capacity.

The net retention for Material Damage Treaty 2012 was limited to € 16.000.000 and remained unchanged since. The Third Party Liability treaty retention increased from € 20.000.000 in 2011 to € 24.785.908 in 2012. Facultative re-insurance support was offered with a net retention of € 30.000.000 in 2012 and € 15.000.000 in 2011.



## Earned contributions

The contributions written are reflected as net contributions written in Profit and Loss account. Unearned contributions represent the portion of contributions written, which are related to the next accounting years.

Net contributions increased slightly from € 6.235.573 in 2011 to € 6.333.344 in 2012 due to the fact that :

- on the one hand there was a status quo on the EMANI property damage treaty contract which was hit by the site closures in Germany.
- on the second hand, an increase on the ELINI Third Party Liability treaty contract for € 107.557 that was realised.
- on the third hand the increase from Korean Pool contributions which was countered by the nonexistence of EAR, AEGIS or Check Pool contributions.

Reinsurance cost for the ELINI Third Party Liability Treaty decreased from € 144.750 in 2011 to € 107.677 in 2012.

## Claims

Provisions are made for the estimated cost of incurred losses on the basis of management estimates, based where appropriate on information from ceding companies, their brokers, nuclear pools, claims adjusters, independent consultants and other relevant sources.

The total claim cost for the period is € 4.270.023 versus € 4.587.686 in 2011. This amount includes € 2.670.546 actual payments of which € 43.810 are in relation to losses occurred in 2012 and an increase in reserve of € 1.599.477. Within this increase in reserve, € 3.206.289 is related to losses occurred in financial year 2012 . The total claim costs are mainly related to the EMANI session but the variation in reserve includes also a transfer to the IBNR reserve on TPL risks of € 357.637.

The total outstanding claims reserve at year end amounts to € 14.150.166 versus € 12.550.689 in 2011.

The above mentioned reserve includes the ANI ICRP refund fund for the amount of € 2.082.645 for this year and € 2.102.215 for 2011.

Further the above mentioned reserve includes a provision for claims Incurred But Not Reported (IBNR). At this point in time, an IBNR policy in view of a 10 years prescription period in nuclear third party liability is applied.

For this period an amount of € 357.637 has been allocated which brings the total IBNR provision to € 4.618.237 and this compares to previous year with an allocation of € 81.184 and a total IBNR provision of € 4.260.600. This higher allocation can be explained by the higher contributions on the ELINI TPL business and for ANI the increased result is due to a decrease in claim reserves.



## General expenses

General expenses decreased from € 599.904 in 2011 to € 598.419 in 2012 and include acquisition costs on the reinsurance treaties amounting to € 300.774 for 2011 and € 291.593 for 2012. The administrative expenses decreased slightly from € 299.269 in 2011 to € 289.826 in 2012.

## Investments

The total book value of the investments amounts to € 61.393.549 and includes € 2.728.917 deposit held with ANI and compares with € 54.743.135 and € 2.799.917 previous year.

The book value of the remaining investments amounts to € 58.664.632 and compares to € 51.943.218 in previous year.

The market value of the investments excluding the ANI deposit is € 58.823.264 and compares to € 52.699.373 in 2011.

The cash at the bank in other assets increased from € 4.054.572 in 2011 to € 4.457.936 in 2012.

The investment strategy at year end is 31% liquidities and 69% long term investments resulting in a net financial income of € 3.826.109 and compare to 71% liquidities and 29% long term investments previous year. No derivative products, such as equity, interest rate, credit, foreign exchange or commodity forwards, options or swaps, were bought.

### Credit rating and duration classified by investment product as of December 31st, 2012.

<u>Euro</u>	<u>Credit ratings</u>	<u>Duration</u>
BGI Corporate bond fund	AAA 30,74% • AA+ 12,5% • AA 4,68% • AA- 3,83% • A+ 6,9% • A 7,9% • A- 12,58% • BBB+ 7,41% • BBB 7,03% • BBB- 5,39% • BB+ 0,35% • Not Rated 0,69%	4,41 year
KBC Corporate bond fund	AAA 17,71% • AA+ 4,88% • AA- 32,04% • AA 12,03% • A+ 13,28% • A- 5,1% • A 7% • NR 7,96%	6,34 year
Corporate bonds at work	AAA 0,89% • AA+ 0,88% • AA 1,57% • AA- 2,15% • A+ 9,53% • A 13,03% • A- 9,56% • BBB+ 12,47% • BBB 24,2% • BBB- 4,26% • BB+ 10,5% • BB 2,85% • BB- 1,04% • Cash 3,85% • NR 3,25%	5,21 year
Money market funds ING	AAA rated fund	0,098 year
Money market funds KBC	AAA rated fund	0,15 year
Deposits	A+	0,01 year



## Country Allocation classified by investment product as of December 31st , 2012.

### BGI Corporate bond fund :

AE 0,17% • AN 0,01% • AT 1,95% • AU 1,35% • BE 1% • BM 0,02% • BR 0,23% • BU 0,05% • CA 0,71% • CH 1,32% • CN 0,02% • CI 0,07% • CZ 0,49% • DE 18,84% • DK 0,77% • ES 10,89% • FI 0,71% • FR 20,27% • FX 0,69% • GB 6,95% • GR 0,03% • HK 0,19% • HR 0,07% • IE 0,72% • IL 0,09% • IN 0,03% • IT 4,69% • JI 0,03% • JP 0,25% • KR 0,04% • LT 0,1% • LU 0,29% • MA 0,05% • MX 0,32% • NL 6,9% • NO 1,43% • NZ 0,16% • PL 0,93% • PT 0,12% • RO 0,16% • RU 0,12% • SE 3,01% • SG 0,03% • Supranational 9,29% • US 4,39% • ZA 0,05%

### KBC Corporate bond fund :

AT 1,00% • AU 5,50% • BE 3,87% • CA 2,27% • CH 1,66% • CI 5,14% • DE 0,84% • ES 6,76% • EU 8,62% • FI 0,54% • FR 12,24% • GB 8,99% • IE 5,16% • IT 5,47% • LU 2,14% • NL 10,08% • NO 2,45% • NZ 1,15% • SE 6,48% • US 9,64%

### Corporate bonds at work :

AU 2,29% • BE 2,19% • CA 0,88% • Cash 2,99% • CH 0,56% • DE 1,34% • DK 1,39% • ES 4,87% • FR 26,64% • GB 8,36% • IT 3,55% • LU 13,98% • MX 1,08% • NL 8,23% • NO 0,47% • SE 0,99% • US 20,19%

### Money market funds ING:

AE 2,63% • BE 2,69% • CN 4,05% • DE 21,14% • FI 2,25% • FR 32,38% • JP 3,54% • LU 9,99% • NL 11,29% • SE 4,05% • GB 5,61% • US 0,38%

## **Result**

The 5.203.521 € surplus before allocation and after taxes for 2012 compares with € 1.580.616 surplus in 2011.

This amount will be allocated entirely to the equalization provision in accordance with the regulations applicable to reinsurance companies (The Grand Ducal Regulation of 5 December 2007 and article 99 of the modified law of 6 December 1991.)

Based on the current regulation, the maximum theoretical target of the equalisation reserve amount should be 99.327.743 € which is the average earned premiums over the last 5 years multiplied by 17,5. At year end the reserve amounts to 14.065.640 € or 14% of the target amount.

The Board of Directors proposes to the Annual General Meeting that no surplus be allocated to the guarantee fund.

## **Guarantee Fund**

As at December 31st, 2012 the subscribed capital remains at € 3.200.000 and the additional contributions of € 33.630.002 constitute together a fund of € 36.830.002, if you agree to our proposal.

The guarantee fund together with the equalization provision now available to the Members to be used as reinsurance capacity, will be € 50.895.642.



## Others

No research and development activities incurred.

NIRA does not face abnormal price, credit or liquidity risks.

NIRA has not purchased any of its own shares during the year and does not hold any own shares at this time.

NIRA does not have any branches or subsidiaries.

No event, nor decisions of any importance that could have any influence on the continuation of the activities of NIRA have occurred subsequently to year-end. Based on the elements in our possession,

NIRA should continue a positive development in 2013.

## Recommendations

We propose that you

- Approve the annual accounts as at December 31st 2012 as presented
- Grant discharge to the Directors of the Company in respect of their duties and functions for the year ended
- Appoint a statutory auditor



Klaus Luotonen  
Chairman of the Board of Directors  
On behalf of the Board of Directors



## **REPORT OF THE REVISEUR D'ENTREPRISES AGRÉÉ**

**To the Members of  
Nuclear Industry Reinsurance Association  
Association d'Assurance Mutuelles  
15, Syrdallstrooss  
L-6850 Manternach**

### **Report on the annual accounts**

Following our appointment by the General Meeting of Shareholders dated April 26, 2012, we have audited the accompanying annual accounts of Nuclear Industry Reinsurance Association, which comprise the balance sheet as at December 31, 2012 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Responsibility of the Board of Directors for the annual accounts**

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

### **Responsibility of the réviseur d'entreprises agréé**

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the réviseur d'entreprises agréé's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the annual accounts give a true and fair view of the financial position of Nuclear Industry Reinsurance Association, Association d'Assurance Mutuelle as of December 31, 2012, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

### **Report on other legal and regulatory requirements**

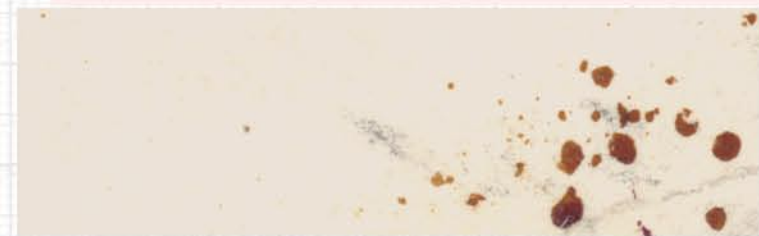
The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

For Deloitte Audit, *Cabinet de révision agréé*



Olivier Lefèvre, *Réviseur d'entreprises agréé*  
Partner

April 4, 2013





# NUCLEAR INDUSTRY REINSURANCE ASSOCIATION

Association d'Assurance Mutuelle

## BALANCE SHEET

As at December 31, 2012

(expressed in EUR)

### Assets

	<u>Note(s)</u>	<u>2012</u>	<u>2011</u>
<b>Investments</b>	<b>3.2, 4</b>		
<b>Other financial investments</b>			
Shares and other variable-yield transferable securities and units in unit trusts		58.432.809,99	49.752.463,68
Deposits with credit institutions		231.822,24	2.190.754,04
		-----	-----
		58.664.632,23	51.943.217,72
<b>Deposits with ceding undertakings</b>		<b>2.728.917,43</b>	<b>2.799.917,29</b>
<b>Debtors</b>	<b>3.3</b>		
Debtors arising out of reinsurance operations		517.944,75	867.658,24
Other debtors		27.824,37	16.850,00
		-----	-----
		<b>545.769,12</b>	<b>884.508,24</b>
<b>Other assets</b>			
Tangible assets and stocks	3.4	20.239,80	27.385,68
Cash at bank and in hand		4.457.935,72	4.054.572,34
		-----	-----
		<b>4.478.175,52</b>	<b>4.081.958,02</b>
<b>Prepayments and accrued income</b>			
Accrued interest and rent		20.718,31	18.662,36
Deferred acquisition costs		67.110,23	68.601,19
Other prepayments and accrued income		779,35	889,06
		-----	-----
		<b>88.607,89</b>	<b>88.152,61</b>
<b>Total assets</b>		<b>66.506.102,19</b>	<b>59.797.753,88</b>
		=====	=====

The accompanying notes form an integral part of these annual accounts.



**NUCLEAR INDUSTRY REINSURANCE ASSOCIATION**  
**Association d'Assurance Mutuelle**  
**BALANCE SHEET**

**As at December 31, 2012**  
(expressed in EUR)  
- continued -

**Liabilities**

	<u>Note(s)</u>	<u>2012</u>	<u>2011</u>
<b>Capital and reserves</b>	<b>5</b>		
Subscribed capital		3.200.000,00	3.200.000,00
Equivalent funds		33.630.002,33	33.630.002,33
		<u>36.830.002,33</u>	<u>36.830.002,33</u>
<b>Technical provisions</b>	<b>3.6</b>		
Provision for unearned premiums		1.242.516,32	1.303.041,67
Claims outstanding		14.150.165,79	12.550.688,39
Provision for bonuses and rebates		11.146,00	101.124,00
Equalisation provision		14.065.640,24	8.862.119,50
		<u>29.469.468,35</u>	<u>22.816.973,56</u>
<b>Creditors</b>	<b>3.3, 6</b>		
Creditors arising out of reinsurance operations		44.575,45	-
Other creditors, including tax and social security		125.886,47	122.143,35
		<u>170.461,92</u>	<u>122.143,35</u>
<b>Accruals and deferred income</b>		<b>36.169,59</b>	<b>28.634,64</b>
<b>Total liabilities</b>		<b>66.506.102,19</b> =====	<b>59.797.753,88</b> =====

The accompanying notes form an integral part of these annual accounts.



**NUCLEAR INDUSTRY REINSURANCE ASSOCIATION**  
**Association d'Assurance Mutuelle**  
**PROFIT AND LOSS ACCOUNT**

**For the year ended December 31, 2012**  
(expressed in EUR)

**TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS**

	<u>Note(s)</u>	<u>2012</u>	<u>2011</u>
<b>Earned premiums</b>			
Gross premiums written	7	6.272.818,54	6.469.874,78
Outward reinsurance premiums		(107.676,86)	(144.750,00)
Change in the gross provision for unearned premiums		60.525,35	(234.304,21)
		<u>6.225.667,03</u>	<u>6.090.820,57</u>
<b>Allocated investment return transferred from the non-technical account</b>	13	3.826.109,07	621.001,25
<b>Claims incurred, net of reinsurance</b>			
Claims paid:			
Gross amount		(2.670.545,97)	(2.203.083,23)
Change in the provision for claims:			
Gross amount		(1.599.477,40)	(2.384.602,69)
		<u>(4.270.023,37)</u>	<u>(4.587.685,92)</u>
<b>Bonuses and rebates, net of reinsurance</b>		38.472,00	80.508,00
<b>Net operating expenses :</b>			
Acquisition costs		(290.102,06)	(304.346,71)
Change in deferred acquisition costs		(1.490,96)	3.572,76
Administrative expenses		(298.826,24)	(299.129,67)
		<u>(590.419,26)</u>	<u>(599.903,62)</u>
<b>Change in the equalisation provision</b>		(5.203.520,74)	(1.580.615,99)
<b>Balance on the technical account for non-life insurance business</b>		<u>26.284,73</u>	<u>24.124,29</u>

The accompanying notes form an integral part of these annual accounts.



**NUCLEAR INDUSTRY REINSURANCE ASSOCIATION**  
**Association d'Assurance Mutuelle**  
**PROFIT AND LOSS ACCOUNT**

**For the year ended December 31, 2012**  
(expressed in EUR)  
- continued -

**NON-TECHNICAL ACCOUNT**

	<u>Note(s)</u>	<u>2012</u>	<u>2011</u>
<b>Balance on the technical account for non-life insurance business</b>		26.284,73	24.124,29
<b>Investment income</b>			
Income from other investments		281.929,04	371.945,52
Gains on the realisation of investments		3.676.491,39	421.795,47
		<u>3.958.420,43</u>	<u>793.740,99</u>
<b>Investment charges</b>			
Investment management charges, including interest		(132.311,36)	(172.739,74)
		<u>(132.311,36)</u>	<u>(172.739,74)</u>
<b>Allocated investment return transferred to the technical account</b>	13	(3.826.109,07)	(621.001,25)
Tax on profit on ordinary activities		(5.506,97)	(3.528,24)
<b>Profit on ordinary activities after tax</b>		20.777,76	20.596,05
Other taxes not shown under the preceding items	9	(20.777,76)	(20.596,05)
<b>Result for the financial year</b>		<u>0,00</u>	<u>0,00</u>

The accompanying notes form an integral part of these annual accounts.



**NUCLEAR INDUSTRY REINSURANCE ASSOCIATION**  
**Association d'Assurance Mutuelle**  
**NOTES TO THE ACCOUNTS**

**As at December 31, 2012**

**NOTE 1 - GENERAL**

NUCLEAR INDUSTRY REINSURANCE ASSOCIATION, Association d'Assurance Mutuelle ("the Company"), was incorporated in Luxembourg as a "mutual association" on December 11, 2008 and is governed by the modified Law of December 6, 1991 on the insurance sector and the Grand-Ducal Regulation dated December 5, 2007 issued by the Commissariat aux Assurances.

The Company's accounting year begins January 1 and ends December 31 each year.

The object of the Company is to carry out reinsurance activities, excluding all direct insurance operations in the Grand-Duchy of Luxembourg as well as in any other country in which the Company has members and/or where these members have their activities.

**NOTE 2 - PRESENTATION OF THE ANNUAL ACCOUNTS**

The annual accounts have been prepared in conformity with the modified Law of December 8, 1994 on annual accounts of insurance and reinsurance undertakings, and with the accounting policies generally accepted within the insurance and reinsurance industry in Luxembourg. The accounting policies and the valuation rules are, except for those which are imposed by the law or the Commissariat aux Assurances, determined and applied by the Board of Directors.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied by the Company are as follows:

**3.1. Foreign currency translation**

The Company maintains its accounts in Euro ("EUR") and the annual accounts are expressed in this currency.

The accounts denominated in foreign currency of the profit or loss account statement are converted in EUR on a monthly basis using the exchange rate in force at the last day of the previous month.

The accounts denominated in foreign currency of the balance sheet are converted in EUR using exchange rate as of the balance sheet closing date.

Exchange gains are deferred whereas exchange losses are recorded in the profit or loss account.



**NUCLEAR INDUSTRY REINSURANCE ASSOCIATION**  
**Association d'Assurance Mutuelle**  
**NOTES TO THE ACCOUNTS**

**As at December 31, 2012**  
**- continued -**

**3.2. Investments**

*Shares and other variable yield transferable securities*

Shares and other variable-yield transferable securities are valued at their acquisition costs. The incidental costs are expensed as incurred. Unrealized losses are recorded on the income statement if there will be a permanent reduction in the value of these securities. In this case, the security will be depreciated to its lower value.

Permanent impairments are determined based on the two following conditions:

- Market value must be below book value for a period uninterrupted of 12 months;
- And the decrease in market value should be at least equal to 20% of the book value at the end of that period.

*Debt securities and other fixed income securities*

Investments in interest bearing bonds are valued at their acquisition costs. The incidental costs are expensed as incurred. The differences between acquisition cost and redemption values of the securities are amortised pro rata to maturity of the securities. Under this method, the premium or discount on purchase is amortised to the profit and loss account on a straight line basis from the date of acquisition to the date of maturity of the bond.

Unless the intention of the Company is to sell the securities in the short term, no adjustments are booked to reflect the market value, if this market value is below the net book value determined according the amortization method described above.

In case of permanent reduction in value, fixed income securities shall be depreciated in the profit and loss account when the reimbursement at redemption date is partly or fully uncertain or compromised

*Deposits with credit institutions and with ceding undertakings*

Deposits are stated at their nominal value at year-end.

**3.3. Debtors and creditors**

Debtors are stated at their nominal value. Value adjustments are made when they are partially or totally unrecoverable. The value adjustments are not maintained when the reasons for which they were made cease to apply.

Creditors are recorded under liabilities at their reimbursement value. If the amount paid exceeds the initial amount, the resulting difference is reflected in the profit and loss account at the date of recognition of the liability.



# NUCLEAR INDUSTRY REINSURANCE ASSOCIATION

## Association d'Assurance Mutuelle

### NOTES TO THE ACCOUNTS

As at December 31, 2012

- continued -

#### 3.4. Tangible assets

Due to usage and/or obsolescence, assets are amortised on a linear basis. Current amortization percentages for tangible assets are as follows:

- Installations, machinery and IT	33,33%/Year
- Office furniture	10%/Year
- Vehicles	20%/Year

#### 3.5. Deferred acquisition costs

Acquisition costs related to non-life insurance policies are deferred according to a method compatible with that used for unearned premiums.

#### 3.6. Technical provisions

The Company constitutes technical provisions based on contributions relating to its active, non expired outstanding treaties at the end of the accounting year.

The provision for unearned premiums consists of the amount representing the part of the premium which is to be allocated to the subsequent financial year(s). It is computed on a contract by contract basis.

Provisions for claims outstanding represents the total estimated cost of all claims arising from events which have occurred up to the end of the accounting year, whether reported or not, less amounts already paid in respect of such claims. Every claim is handled individually which results in individual claim provisions. The estimated cost of every incurred loss is calculated based on information received from ceding companies, nuclear pools and claim adjusters. A provision for claims incurred but not reported ("IBNR") is constituted in virtue of the Convention on Third Party Liability of Nuclear Energy which requires that actions for claims arriving out of a nuclear incident can be initiated within ten years. In virtue of this Convention and considering the fact that the risk of nuclear incidents is low and only few data is available to draw definitive conclusions, the Board of Directors has adopted a ten year IBNR reserve policy.

The provision for bonuses and rebates is calculated and accrued in full at the outset of the underwriting year based on the figures provided by the ceding insurer and then paid out over a 5-year period. This accrual is assessed annually and adjusted in accordance with the ceding insurer's best estimates.



**NUCLEAR INDUSTRY REINSURANCE ASSOCIATION**  
**Association d'Assurance Mutuelle**  
**NOTES TO THE ACCOUNTS**

**As at December 31, 2012**  
**- continued -**

The equalisation provision comprises amounts set aside in accordance with legal and administrative requirements to equalise fluctuations in loss ratios in future years or to provide for special risks.

**3.7. Taxes**

Taxes are accounted for on an accrual basis,

**NOTE 4 - INVESTMENTS**

The actual value of investments is as follows:

<b>EUR</b>	<b><u>December 31, 2012</u></b>	<b><u>December 31, 2011</u></b>
Shares and other variable-yield transferable securities and units in unit trusts	58.591.441,54	50.508.618,71
Deposits with credit institutions	231.822,24	2.190.754,04
Deposits with ceding undertakings	2.728.917,43	2.799.917,29
	<u>61.552.181,21</u>	<u>55.499.290,04</u>

As at December 31, 2012 the Management of the Company believes that there is no permanent impairment on shares and other variable-yield securities and units in unit trusts

As at December 31, 2012, the deposit with ceding undertakings consist of a deposit retained by the ceding company accumulated in virtue of an existing agreement, since its date of inception and amounts to EUR 2.728.917,43 (EUR 2.799.917,29 in 2011).

The premium deposit consist of a part of the contractual premiums attributed to the Company which is retained by the ceding undertaking and allocated to a "Reserve Fund" for the sole purpose to pay loss expenses. These reserve premiums are held for 10 years, after which a portion is returned to policyholders based upon historical loss experience.



**NUCLEAR INDUSTRY REINSURANCE ASSOCIATION**  
**Association d'Assurance Mutuelle**  
**NOTES TO THE ACCOUNTS**

**As at December 31, 2012**  
- continued -

**NOTE 5 - SUBSCRIBED CAPITAL AND EQUIVALENT FUNDS**

The subscribed capital of the Company amounts to EUR 3.200.000 and has been contributed in 2009 by 3 members (EMANI, ELINI, NIRA Ltd). As of the moment of the final liquidation of NIRA Ltd, a reinsurance company domiciled in the Isle of Man and liquidated on June 28, 2010, the NIRA Ltd's shareholders became automatically member of the Mutual as successor in title, in the same proportions as they were shareholders within NIRA Ltd. At that same moment EMANI and ELINI had no longer a voting right.

As from January 1st, 2013, the minimum guarantee fund applicable to reinsurance undertakings amounts to EUR 3.400.000 in accordance with the Grand-Ducal Regulation of December 5, 2007 such as amended on November 14, 2012. The Board of Directors of the Company held on March 26, 2013 has proposed to reallocate a portion of the equivalent funds to the subscribed capital (EUR 200.000) in order to align the subscribed capital with the new requirement in terms of minimum guarantee fund as from January 1, 2013.

The equivalent funds amounting to EUR 33.630.002,33 consist in additional amounts which were contributed by NIRA Ltd (in name of its 36 members) and the Company's new voting members each authorised with 1 voting right.

As at December 31, 2012, the subscribed capital and the equivalent funds can be split among the members as follows:

	<b><u>Allocation as at</u></b> <b><u>December 31, 2012</u></b>	<b><u>Allocation as at</u></b> <b><u>December 31, 2011</u></b>
	<b><u>EUR</u></b>	<b><u>EUR</u></b>
Axpo Power A.G.	2.746.281	2.746.281
Axpo Trading A.G. (formerly EGL A.G.)	78.882	78.882
AREVA NC (formerly Cogema S.A.)	3.580.116	3.580.116
British Energy Limited	10.000	10.000
B.K.W.- F.M.B. Energie S.A.	1.356.040	1.356.040
Belgoprocess NV	14.195	14.195
Bruce Power LP	14.122	14.122



**NUCLEAR INDUSTRY REINSURANCE ASSOCIATION**  
**Association d'Assurance Mutuelle**  
**NOTES TO THE ACCOUNTS**

**As at December 31, 2012**

- continued -

	<u>Allocation as at December 31, 2012</u> <u>EUR</u>	<u>Allocation as at December 31, 2011</u> <u>EUR</u>
Centrales Nucléaires en Participation S.A.	366.279	366.279
CEZ	10.000	10.000
Energy Future Holdings	10.000	10.000
E.On Kernkraft GmbH	3.249.105	3.249.105
E.ON Sverige AB (ex Sydkraft AB)	1.689.221	1.689.221
N.V. Elektriciteits-Produktie maatschappij Zuid-Nederland EPZ	759.881	759.881
EDF	44.424	44.424
EnBW Kraftwerke A.G.	1.021.498	1.021.498
ESKOM Holding Limited	348.774	348.774
Eurodif Production S.A.	3.077.329	3.077.329
FBFC	608.552	608.552
Forsmarks Kraftgrupp AB	922.316	922.316
Fortum Power & Heat Oy	87.488	87.488
G.K.N. BV	958.429	958.429
EnbW Kernkraft GmbH (formerly GKW Neckar GmbH)	768.634	768.634
GNS Gesellschaft für Nuklear-Service mBH	15.556	15.556
Kernkraftwerk Leibstadt A.G. (KKL)	1.799.399	1.799.399
Kernkraftwerk Obrigheim BmbH	280.446	280.446
Kernkraftwerk Gösgen Däniken A.G.	2.084.699	2.084.699
New Brunswick Power	10.000	10.000
O.K.G. Aktiebolag	2.720.060	2.720.060
Ontario Power Generation	12.761	12.761
Paks Nuclear Power Plant Ltd	360.946	360.946
R.W.E. Power AG	3.301.031	3.301.031
Ringhals AB	1.323.715	1.323.715
SCK•CEN	15.813	15.813
Slovenské Elektrárne AS	96.645	96.645
SKB	10.000	10.000
Socatri S.à.r.l.	87.488	87.488
Studsvik AB	13.607	13.607
SVAFO AB	5.000	5.000
Teollisuuden Voima Oyj	2.343.742	2.343.742
URENCO Ltd	13.202	13.202
Vattenfall Europe Nuclear Energy GmbH	595.056	595.056
Zwischenlager Wurenlingen AG (Zwilag)	19.270	19.270
	----- <b>36.830.002</b>	----- <b>36.830.002</b>



**NUCLEAR INDUSTRY REINSURANCE ASSOCIATION**  
**Association d'Assurance Mutuelle**  
**NOTES TO THE ACCOUNTS**

**As at December 31, 2012**

- continued -

**NOTE 6 - CREDITORS**

All creditors become due and payable in less than one year.

**NOTE 7 - GROSS PREMIUMS WRITTEN**

Gross premiums written by the Company relate to non-life business only and for the classes Material Damage and Third Party Liability.

**NOTE 8 - BONUSES AND REBATES**

The bonuses and rebates as shown under the profit and loss account for the year ended December 31, 2012 are summarized as follows:

	2012 EUR
Bonuses and rebates paid	(51.506,00)
Change in the provisions for bonuses and rebates	89.978,00
	-----
Total bonuses and rebates, net of reinsurance	38.472,00

**NOTE 9 - TAXATION**

The Company is subject to income and net worth taxes applicable in the Grand-Duchy of Luxembourg to Sociétés Anonymes.

Taxes other than income taxes are disclosed under the caption "other taxes not show under the preceding items" in the profit and loss account.



## NUCLEAR INDUSTRY REINSURANCE ASSOCIATION

Association d'Assurance Mutuelle

### NOTES TO THE ACCOUNTS

As at December 31, 2012

- continued -

#### **NOTE 10 - PERSONNEL EMPLOYED DURING THE YEAR**

The Company did employ 4 staff members during the year. All these employees have non full time contracts and this is remained identical with previous year.

The total staff costs with respect to the financial year are broken down as follows:

	<u>2012</u>	<u>2011</u>
	<u>EUR</u>	<u>EUR</u>
Wages and salaries	102.605,77	119.061,77
Social security costs	35.527,29	24.409,09
Pension scheme	22.056,91	14.500,50
Others	1.571,75	1.168,32
	-----	-----
	161.761,72	159.139,68

#### **NOTE 11 - REMUNERATION GRANTED TO BOARD MEMBERS AND COMMITMENTS ENTERED INTO IN RESPECT OF RETIREMENT PENSIONS FOR FORMER BOARD MEMBERS**

The Company did not grant remuneration to members of its supervisory bodies for the services rendered during the year. Previous year nothing was granted either. The Company has no commitments in respect of retirement pensions for former members of those bodies as at December 31, 2012.

For the year ended December 31, 2012, the Company did not grant advances or credits to the members of its supervisory bodies.



## NUCLEAR INDUSTRY REINSURANCE ASSOCIATION

Association d'Assurance Mutuelle

### NOTES TO THE ACCOUNTS

As at December 31, 2012

- continued -

#### NOTE 12 - FEES PAYABLE TO THE AUDIT FIRM

Fees charged to the Company by the *réviseur d'entreprises agréé* and its respective entire network is analysed as follows:

	<u>2012</u> <u>EUR</u>	<u>2011</u> <u>EUR</u>
Annual audit fees (VAT excl.)	15.375	15.375
	<u>15.375</u>	<u>15.375</u>

Fees are shown on an accrual basis for the financial year.

For the year ended December 31, 2012, audit fees are related to the audit of annual accounts and the issue of the auditor's supplementary report in accordance with Circular Letter 09/2 issued by the Commissariat aux Assurances, as amended.

#### NOTE 13 - ALLOCATED INVESTMENT RETURN

In accordance with Article 55 of the modified Law of December 8, 1994 on the accounts of insurance and reinsurance undertakings, the Company has transferred the whole investment income, net of corresponding charges, to the non-life insurance technical account.



**NUCLEAR INDUSTRY REINSURANCE ASSOCIATION**  
**Association d'Assurance Mutuelle**  
**NOTES TO THE ACCOUNTS**

**As at December 31, 2012**

**- continued -**

**NOTE 14 - OTHER REGULATORY REQUIREMENTS**

At all times, the Company must have an adequate solvency margin to cover the required solvency margin in respect of the Grand-Ducal regulation dated December 5, 2007, specifying the conditions governing authorisation and pursuit of reinsurance business in Luxembourg, as amended.

Following the prescribed calculation, the solvency margin requirement applicable to the Company at December 31, 2012 amounts to EUR 3.200.000.

**NOTE 15 - OFF-BALANCE SHEET COMMITMENTS**

As at December 31, 2012, an amount of EUR 2.148.576,94 on a cash at bank account is given as a guarantee in favour of one ceding undertaking by way of a Letter of Credit.

**NOTE 16 - PARENT COMPANY**

As there is no other mutual/company entitled to, de jure or de facto, exert a deciding influence on the appointment of the majority of the directors or on the orientation of the management, the Company cannot be considered as a subsidiary of any other entity and consequently is not included into consolidated financial statements and is exempt to prepare consolidated financial statements under Luxembourg legislation.



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