

AM Best Affirms Credit Ratings of European Mutual Association for Nuclear Insurance

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FOR IMMEDIATE RELEASE

AMSTERDAM - SEPTEMBER 28, 2020 07:50 AM (EDT)

AM Best has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of "a" of the European Mutual Association for Nuclear Insurance (Emani) (Belgium). The outlook of these Credit Ratings (ratings) remains stable.

The ratings reflect Emani's balance sheet strength, which AM Best categorises as very strong, as well as its strong operating performance, neutral business profile and appropriate enterprise risk management.

Emani's balance sheet strength is underpinned by risk-adjusted capitalisation at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR), taking into account the mutual's ability to make supplementary capital calls to its members and its financial flexibility. In the unlikely event of a full limit loss, there would be a material depletion of capital due to the large net line size offered by Emani to its members relative to its capital base. However, AM Best believes that the mutual's contractual right to call retrospective premium for six times each member's annualised premium contribution would enable the mutual to rebuild its capital base quickly. Emani has good financial flexibility, underpinned by its articles of association, which allows the mutual to write down its liabilities in the event that claims exceed its capital base. The mutual's dependence on reinsurance to offer a large gross line size is considered an offsetting factor in the assessment.

Emani has a track record of strong technical performance, demonstrated by a loss ratio averaging 30% during the five-year period ending in 2019. The mutual reported a net combined ratio of 137% in 2019, driven by two mid-size losses. Prospective performance is expected to revert to historic norms, albeit subject to volatility, consistent with a claims profile that is dominated by an infrequent number of low to mid-size losses.

Emani has an established position in the nuclear energy sector, writing property and terror cover for nuclear facilities. The mutual provides capacity to over a third of nuclear operators globally, giving the mutual a leading role in its market. Emani also benefits from favourable market conditions, with demand for nuclear coverage expected to remain strong through the medium term. The mutual's narrow focus and the high risk nature of the business written are considered offsetting factors in the assessment.

This press release relates to Credit Ratings that have been published on AM Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best's Credit Ratings](#). For information on the proper media use of Best's Credit Ratings and AM Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and AM Best Rating Action Press Releases](#).

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