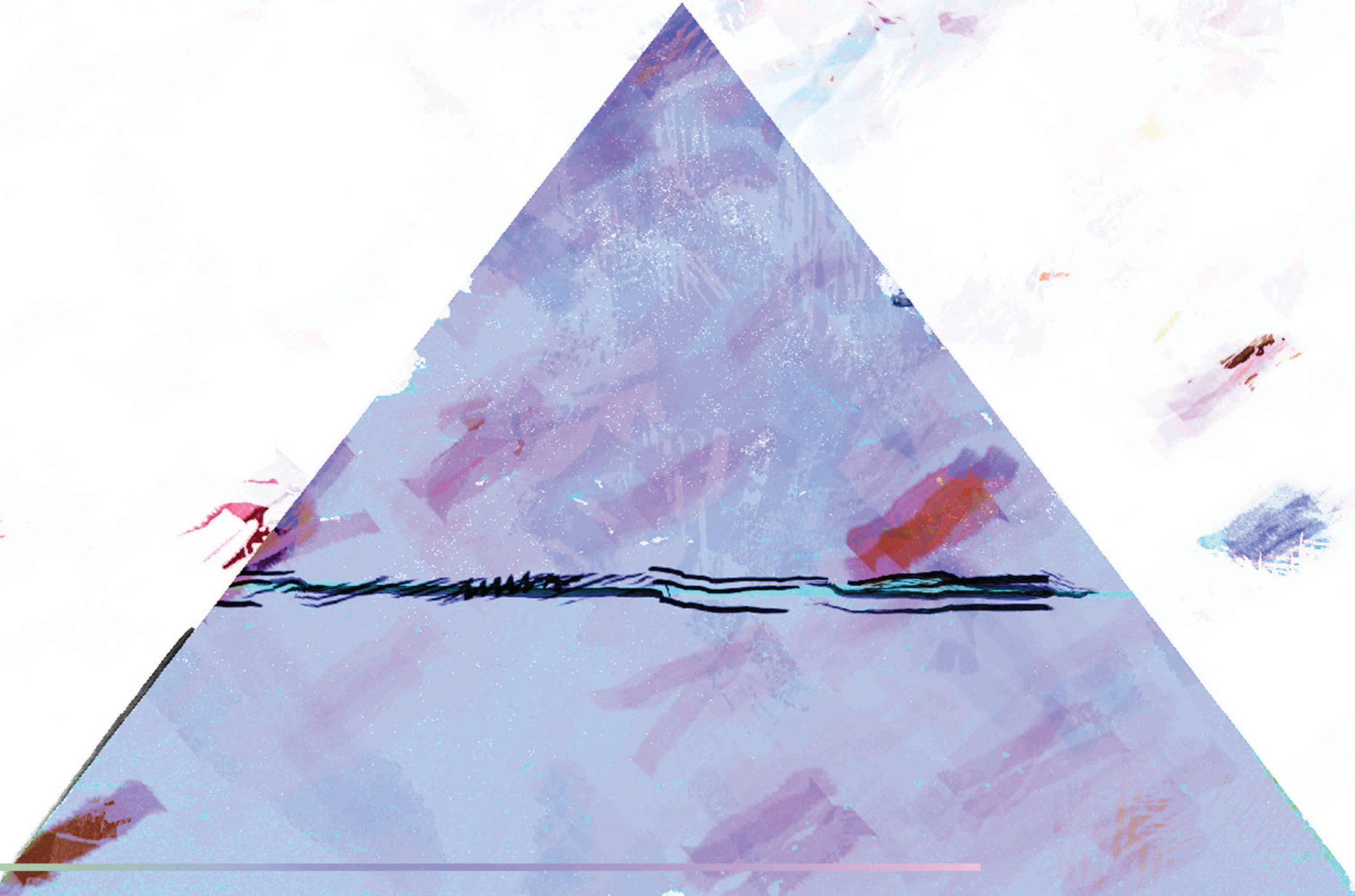
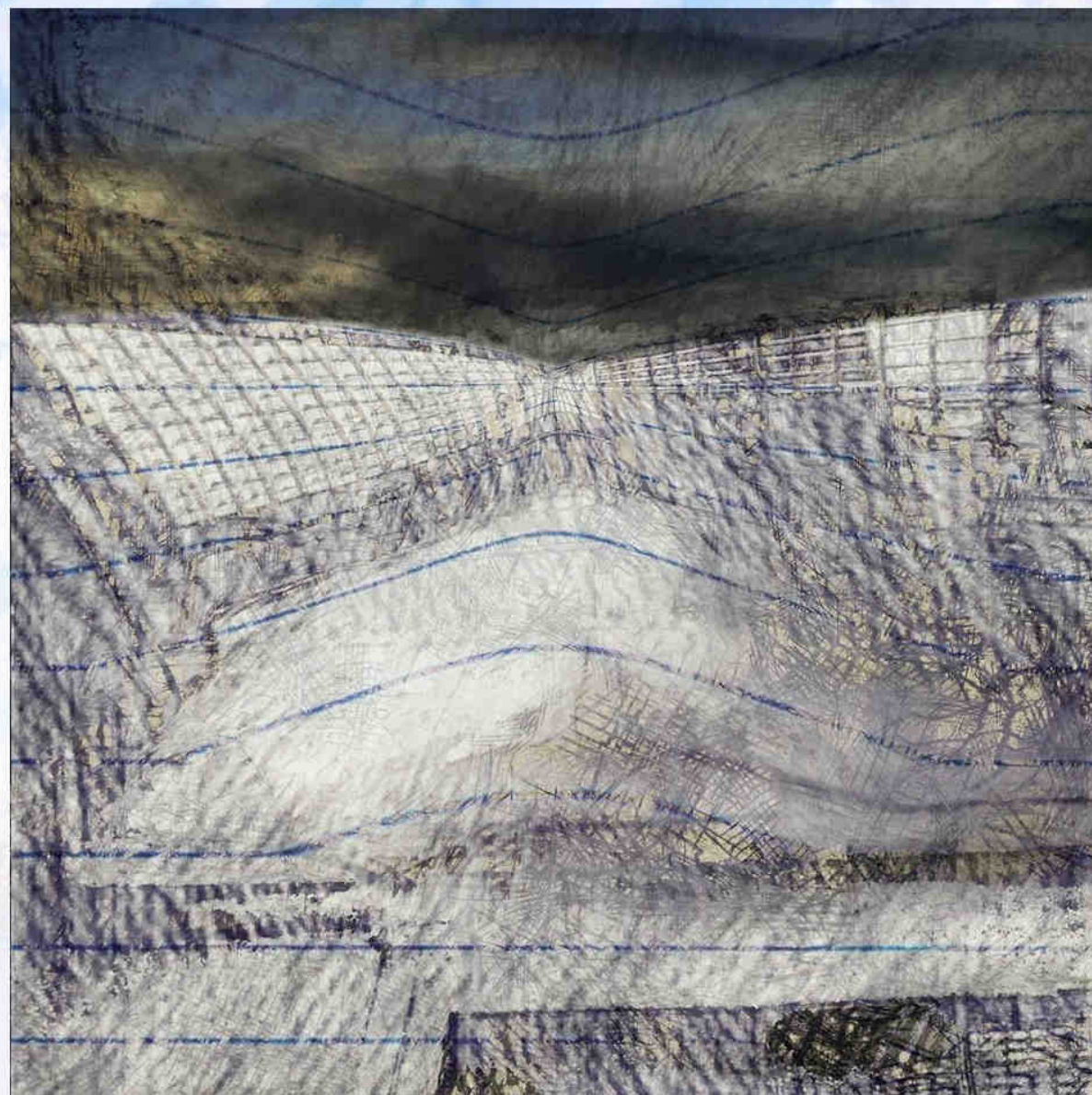




# EMANI

annual report 2014





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Robert Piccart 2015

**Annual Report 2014  
of the Board of Directors and  
of the Statutory Auditor  
to be presented at  
the Annual General Meeting on  
12<sup>th</sup> June 2015**

Company authorised by Royal Decrees of  
20.10.1978 and 07.12.1999  
To underwrite "Fire and Natural Hazards",  
"Other Property Damage" and "Liability"

(Moniteur Belge 14.11.1978 - 29.12.1999 Code 0921)

Registered Office:  
Av. Jules Bordet, 166 - B 4  
B 1140 Brussels Belgium  
Tel: +32 (0)2 702 90 10  
Fax: +32 (0)2 705 72 92

## Financial Highlights

in euro

years ended December 31

### Statement of Earnings

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net premium earned	22.836.670	22.990.326	24.884.212	25.115.821	23.925.468
Claims	-2.624.921	1.513.702	-13.900.142	-14.737.044	3.157.056
Expenses	-3.414.077	-3.157.549	-2.931.346	-3.005.782	-3.163.109
Other income	15.868	-12.747	9.910	75.803	83.596
Net investment result	6.341.961	-534.805	16.312.444	1.587.603	2.595.356

Earnings before distribution to reserve for equalisation and catastrophes

**23.155.502**      **20.798.927**      **24.375.078**      **9.036.401**      **26.632.007**

Variation in the reserve for equalisation and catastrophes, net of reinsurance

-16.920.203      -21.389.420      -8.062.631      -7.448.799      -24.036.650

Taxes

-308      -283      0      0      0

Earnings after distribution to reserve for equalisation and catastrophes

**6.234.991**      **-590.776**      **16.312.444**      **1.587.603**      **2.595.356**

### Balance Sheet

Assets	253.910.139	239.000.192	235.522.370	205.142.493	187.491.585
Liabilities	-32.746.529	-41.000.824	-58.430.953	-52.635.731	-44.527.766
Guarantee fund (including reserve for equalisation and catastrophes)	221.163.611	197.999.368	177.091.415	152.506.762	142.963.819

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## Members

AB SVAFO  
Advanced Nuclear Fuels GmbH  
AREVA NC  
AREVA NP Inc.  
Axpo Power AG  
Axpo Trading AG  
Belgoprocess NV  
BKW Energie AG  
British Energy Ltd  
Bruce Power Inc.  
Centrales Nucléaires en Participation SA (CNP)  
ČEZ a.s.  
E.ON Kernkraft GmbH  
E.ON Sverige AB  
EDF  
EnBW Energie Baden Württemberg AG  
EnBW Kernkraft GmbH  
ENEL \*  
Energy Future Holdings Corp.  
EPZ n.v.  
Eskom Holdings SOC Ltd  
Eurodif Production SA  
European Commission - CCR - Ispra Site  
European Commission - GCO - Petten Site  
European Commission - IRMM - Geel Site  
European Commission - ITE - Karlsruhe Site  
FBFC  
FBFC International SA  
Forsmarks Kraftgrupp AB  
Fortum Power & Heat Oy

Gemeenschappelijke Kernenergiecentrale Nederland BV (GKN)  
Gemeinschaftskernkraftwerk Gröhnde GmbH & Co  
Gesellschaft für Nuklear-Service mbH (GNS)  
Indiana Michigan Power Co.  
Kernkraftwerk Gösgen-Däniken AG  
Kernkraftwerk Leibstadt AG  
Kernkraftwerk Lippe-Ems GmbH  
Kernkraftwerk Obrigheim GmbH  
MVM Paks Nuclear Power Plant Ltd  
New Brunswick Power Corporation  
OKG Aktiebolag  
Ontario Power Generation (OPG)  
Pacific Gas & Electric Company \*  
Ringhals AB  
RWE Power AG  
SCK-CEN  
Slovenské Elektrárne AS  
Socatri SARL  
Societatea Nationala Nuclearelectrica SA (SNN)  
Studsvik AB  
Svensk Kärnbränslehantering AB (SKB)  
Teollisuuden Voima Oyj (TVO)  
Union Electric Company d/b/a Ameren Missouri  
Urenco Ltd.  
Vattenfall Europe Nuclear Energy GmbH  
Westinghouse Electric Company LLC \*  
Westinghouse Electric UK Holdings \*  
Zwischenlager Würenlingen AG (Zwilag)

\* Non insured Members

## Member Representatives

Member	Representative	Substitute
<b>Belgium</b>		
Belgoprocess NV	Ph. Lannoy	
European Commission - IRMM - Geel Site	J.P. Michel	R. Lennartz
FBFC International SA	M. Van den Eynde	P. Daurès
SCK-CEN	C. Legrain	
<b>Canada</b>		
Bruce Power	K. Kelly	
New Brunswick Power Corporation	A. Slipp	
Ontario Power Generation (OPG)	J. Floras	
<b>Czech Republic</b>		
ČEZ a.s.	V. Hronek	J. Ortman
<b>Finland</b>		
Fortum Power & Heat Oy	M. Kautonen	M. Huopalainen
Teollisuuden Voima Oyj	L. Noukka	L. Piekkari
<b>France</b>		
AREVA NC	Ph. Obert	J.D. Treillard
EDF	J.L. Thébault	B. Wagner
Eurodif Production SA	R. Jiménez-Shaw	M. Saléra-Cordier
FBFC	J.D. Treillard	P. Daurès
Socatri SARL	M. Saléra-Cordier	R. Jiménez-Shaw
<b>Germany</b>		
Advanced Nuclear Fuels GmbH	W. Fehnker	A. Stoll
EnBW Energie Baden Württemberg AG	E. Wissmann	C.D. Bülle
EnBW Kernkraft GmbH	E. Wissmann	C.D. Bülle
E.ON Kernkraft GmbH	D. Prüske	S. Kurz
European Commission - ITE - Karlsruhe Site	J.P. Michel	R. Lennartz
Gemeinschaftskernkraftwerk Grohnde GmbH & Co	D. Prüske	S. Kurz
Gesellschaft für Nuklear-Service mbH (GNS)	H. Näser	K. Scheer
Kernkraftwerk Lippe-Ems GmbH	J. Haaf	
Kernkraftwerk Obrigheim GmbH	E. Wissmann	C.D. Bülle
RWE Power AG	J. Haaf	J. Grundmann
Vattenfall Europe Nuclear Energy GmbH	T. Hallqvist	B. Kockum

\* Non Insured Member

## Member Representatives

Member	Representative	Substitute
<b>Hungary</b> MVM Paks Nuclear Power Plant Ltd	C. Szinger	N. Sandor
<b>Italy</b> European Commission - CCR - ISPRA Site ENEL *	J.P. Michel G. Frea	R. Lennartz R. Melandri
<b>The Netherlands</b> Elektriciteits-Productiemaatschappij Zuid Nederland NV EPZ Gemeenschappelijke Kernenergiecentrale Nederland BV (GKN) European Commission - GCO - Petten Site	B.P. Jobse G.J. Geertsema J.P. Michel	R. Lennartz
<b>Romania</b> Societatea Nationale Nuclearelectrica SA (SNN)	P. Budulan	A. Havris
<b>Slovak Republic</b> Slovenské Elektrárne AS	M. Ivanova	Z. Siposova
<b>South Africa</b> Eskom Holdings SOC Ltd	M. Molelekoa	
<b>Sweden</b> AB SVAFO E.ON Sverige AB Forsmarks Kraftgrupp AB OKG Aktiebolag Ringhals AB Studsvik AB Svensk Kärnbränslehantering AB (SKB)	S. Ordéus B. Svensson T. Hallqvist R. Danielsson T. Hallqvist T. Samuelsson A. Ingman	M. Böös B. Gullefors A. Sandberg J. Ericsson B. Sundman

\* Non Insured Member



## Member Representatives

Member	Representative	Substitute
<b>Switzerland</b>		
Axpo Power AG	T. Erb	
Axpo Trading AG	T. Erb	
BKW Energie SA	U. Schwegler	M. Mooser
Centrales Nucléaires en Participation SA	C. Vésiller	W. Denk
Kernkraftwerk Gösgen-Däniken AG	M. Plaschy	W. Denk
Kernkraftwerk Leibstadt AG	T. Erb	
Zwilag Zwischenlager Würenlingen AG	T. Erb	
<b>United Kingdom</b>		
British Energy Ltd	A. Russell	K. Sinclair
Urenco Ltd.	I. Mance	R. Hermon
Westinghouse Electric UK Holdings *	M. Sweeney	D. Gries
<b>USA</b>		
AREVA NP Inc	Ph. Obert	L. Harris
Energy Future Holdings Corp.	R. Moussaid	
Indiana Michigan Power Co.	S. Haynes	R. Martin
Pacific Gas & Electric Company *	A. Suri	J. Fleischer
Union Electric Company d/b/a Ameren Missouri	M. Blair	D. Rose
Westinghouse Electric Company LLC *	M. Sweeney	D. Gries

\* Non Insured Member

## Board of Directors

Berndt Kockum

*Chairman*

Alastair Russell

*Vice-Chairman*

Urs Bircher

Claus-Dieter Bölle

*Executive Committee*

Alisdair Currie

*External Director*

Matts Ekman

*External Director*

Nick Feldman

Bram-Paul Jobse

Riccardo Melandri

Philippe Obert

Danny Vanwelkenhuyzen

*Executive Committee*

## Advisory Committees

### Underwriting Committee

Kathleen Sinclair  
Luca Emilio Agrò  
Ivan Annezer  
Alisdair Currie  
Thomas Erb  
Nick Feldman  
Veerle Goderis  
Alexandru Havris  
Heiner Hefti  
Berndt Kockum  
Stefan Kurz  
Hervé Loisy  
Robert Moussaïd  
Laura Noukka  
Franck Orset  
Philippe Vandekerckhove  
Danny Vanwelkenhuyzen

*Chairman*

### Finance and Investment Advisory Committee

Matts Ekman  
Rafaël Jimenez-Shaw  
Kevin Kelly  
Lauri Piekkari  
Annemie Roefs  
Alastair Russell  
Marleen Vercammen

*Chairman*

### Audit Committee

Matts Ekman  
Bram-Paul Jobse  
Alastair Russell

*Chairman*

### Internal Auditor

Willy Gemis

## Management

### Staff

Danny Vanwelkenhuyzen	<i>Managing Director</i>
Ivan Annezer	<i>Loss Control Manager</i>
Wim Buysse	<i>Loss Prevention Manager</i>
Alisdair Currie	<i>Underwriter &amp; Claims Manager</i>
André Detemmerman	<i>Senior Underwriter</i>
Véronique Durieux	<i>Accountant</i>
Ann Geivaerts	<i>Corporate Organisation &amp; Legal Manager</i>
Veerle Goderis	<i>Senior Underwriter</i>
Heiner Hefti	<i>General Manager Swiss Branch</i>
Tom Houben	<i>Corporate Operations Assistant</i>
Cathy Mortelmans	<i>PA Managing Director &amp; Board</i>
Franck Orset	<i>Loss Prevention Engineer</i>
Annemie Roefs	<i>Asset Manager</i>
Philippe Vandekerckhove	<i>Senior Risk Manager</i>
Marleen Vercammen	<i>Financial Manager</i>
Rachida Zahmidi	<i>Assistant Underwriting</i>

### Auditors

Deloitte  
Berkenlaan 8b, B-1831 Diegem  
*Represented by:*  
Rik Neckebroeck and Yves Dehoghne  
Réviseurs d'Entreprise

### Actuary

Nicolaï & Partners  
Duboisstraat 43, B-2060 Antwerpen  
*Mrs. Veerle Nicolaï*

## Letter from the Chairman

Dear Members!

Looking back on my term as Chairman, I find especially three observations that I would like to be highlighted as they make EMANI different from the alternatives in the market.

First, we have always been eager to serve the Members. The Members' needs and wishes are paramount, and therefore we give the Members what they want. To be specific: we accept the wording, attachment point and coverage desired.

Secondly, we are transparent. All surveyed plants are graded according to a professional engineering grading system available to all Members. Also, all Members may have access to how the underwriting system calculates the contributions.

Thirdly, I wish to borrow something from a speech recently made by one of the founding fathers: "Do not forget that EMANI is integrated into your Companies; EMANI is legally and financially part of yourselves."

I have the utmost faith that EMANI will prosper, and continue to be an attractive alternative or complement to other insurance providers.

To all good membership friends and to all hard-working employees of EMANI:  
All the best, and Good luck!



**Berndt Kockum**  
Chairman of the Board

## Description of activities

EMANI is a Mutual insurance Association which offers cover for a wide range of insurance risks relating to nuclear power stations and other companies in the nuclear industry. At present, EMANI covers in excess of 100 nuclear sites for its Members in Belgium, Canada, Czech Republic, Finland, France, Germany, Hungary, Italy, Romania, The Netherlands, Slovak Republic, South-Africa, Sweden, Switzerland, United Kingdom and USA.

The capacity provided by EMANI is independent of that provided by the various nuclear pools.

The main benefits to Members of EMANI include :

- Additional or alternative insurance capacity for material damage, business interruption, machinery breakdown, terror and erection all risk covers.
- Potential for contribution savings. Potential for distribution of guarantee fund.
- Loss prevention and engineering evaluations.
- Information exchange and data centre for nuclear insurance matters.

## Underwriting & Claims Handling

EMANI's current portfolio is principally based on property damage cover, but our underwriting team is always looking for new ways to support the needs of our Members. Recent products include cover for Decommissioning risks and NCBR Terrorism attacks.

Increasingly EMANI acts as a leading underwriter bringing the advantages of a comprehensive insurance cover and competitive pricing to the Members. If requested to do so by a Member, EMANI can also act as a coinsurer in partnership with the national insurance pools or another insurer.

In the event of a claim where EMANI acts as leading underwriter, the loss settlement shall be done in cooperation with an independent loss adjuster. In cases where EMANI acts as a coinsurer, EMANI will generally follow the recommendations and assessment made by the loss adjuster appointed by the lead underwriter, however in certain cases, the Management will decide whether EMANI should appoint independent adjusters or additional expert advice.

Article 26 of the Articles of Association provides for additional contributions from Members if required to meet claims.

## Reinsurance

EMANI purchases reinsurance cover to supplement capacity and to spread risk as the Board deems appropriate.

## Management Structure

EMANI is a mutual Association constituted in Brussels under Belgian law and authorised by Royal Decree on 20th October 1978.(MB 14/11/1978)

The strategic management of the Association is the responsibility of the Board of Directors which, with the exception of those powers expressly reserved for the General Meeting, has full managerial authority.

The administration, underwriting, claims handling and day to day management of the Association is the responsibility of the Managing Director together with the Executive Committee.

## Membership

Only companies or authorities in the private or public sector of operating / controlling / owning nuclear installations or their representatives can be Members of the Association.

Election of a new Member shall be submitted to the Board of Directors and shall become effective upon approval by the General Meeting.

A new Member shall underwrite at least one insurance policy with the Association and shall unconditionally accept the Articles of Association.

## Loss Prevention Services

The EMANI loss prevention engineers, assisted by the Technical Advisory Committee (which is drawn from senior engineering staff from the EMANI Members utilities), have the ability to identify the potential for losses to occur at the Members' property and to control such losses through risk detection and a preventative program.

The loss prevention services provide the Members with detailed reports, customized for the risk involved and in conjunction with the Underwriting team a thorough assessment of each Member's assets is established.

Based on the on-site evaluation, a comprehensive list of suggestions and recommendations is drawn up with a view to improve safety and to prevent or mitigate losses. The reports also assist the Members' management to quantify and develop appropriate measures to minimise their level of risk.

The loss prevention services make an invaluable contribution to the EMANI underwriting process.

## **Report of the Board of Directors to be presented to the Annual General Meeting of 12 June 2015**

### **Dear Member,**

At the close of the 36<sup>th</sup> financial year, we are pleased to report to you on the business of your Mutual Association and to set out below the balance sheet and the income statement for the year ended 31 December 2014.

The financial statements incorporate the results from the EMANI branch in Switzerland which was established on 07 June 2013 and received license from Swiss Regulator "FINMA" dated 30 September 2014.

The Board of Directors of the Mutual Association is responsible for all information contained in the financial statements and other sections of the annual report. The Board considers that the financial statements and related disclosures have been prepared in accordance with generally accepted Belgian accounting principles. These financial statements include amounts that are based on Board's judgement and best estimates.

The Mutual Association maintains a system of internal accounting controls to provide reasonable assurance that 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 has been engaged, with the approval of Members, as the independent auditor 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, cash flows and results of operations. Their report is adjoined to the financial statements.

### **Capacity**

The insurance capacity for Material Damage in 2014 was € 600.000.000 and compared with € 594.159.500 in 2013. The insurance capacity for Terrorism cover in 2014 decreased to € 600.000.000 from € 625.000.000.

The own retention in 2014 was limited to € 226.100.000 for Material Damage insurance policies and to € 223.000.000 for Terrorism insurance policies and this compared to € 235.359.700 and € 224.000.000 for previous year.



## Contributions

Contributions written and reinsurance premiums ceded are reflected in earnings on a pro-rata basis over the term of each policy. Unearned contributions represent the portion of contributions written which are applicable to the non-expired terms of the policies in force.

For the purpose of the following calculations, contribution is defined as original contribution less rebate.

Net contributions decreased from € 46.821.884 in 2013 to € 43.197.263 in 2014. This reduction of contributions can be attributed to our German Members reappraising their insurance programmes as a result of forthcoming site closures, lower premiums from our USA members and the change in fronting policy of a French Member.

No business was written through the Swiss Branch in 2014 and so no contributions from our Swiss branch are included in these figures.

Reinsurance cost decreased from € 23.737.419 in 2013 to € 20.360.593 in 2014. This decrease can be attributed to the reduction in contributions and change in the fronting policy.

No amounts of Members' rebate was released back to the Members in 2014 and the outstanding Members' rebate reserves remains at zero.

## General expenses

General expenses increased from € 3.157.549 in 2013 to € 3.414.077 in 2014 or 8% and include the expenses from our Swiss branch which amount to € 106.663 versus € 55.688 in 2013 or increase of 2% which is the result of the license application. The remaining increase is due to professional fees, reinsurance fee to brokers and D&O insurance.

## Claims

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

The total claims result (net of reinsurance) for 2014 is a charge to the income statement of € 2.624.921. This comprises a charge in respect of claims paid of € 10.465.661 (net of reinsurance) of which € 40.105 are in relation to losses occurred in 2014. In addition there were releases of reserves (net of reinsurance) of € 7.840.740 due to reassessment of settlement of claims. This includes € 408.200 related to losses in the financial year 2014.

## Investments

The total book value of the investments and liquid instruments increased from € 220.408.461 at 31 December 2013 to € 238.073.801 at 31 December 2014.

The investment allocation of 44,26 % long term corporate bonds, 46,4% liquid instruments and 9,34% equity at the beginning of the year has changed to 47,98% long term corporate bonds, 37,65% liquid instruments and 14,37% equity resulting in a financial profit of € 6.341.961. All the investments are recorded at their purchase value and the unrealized gains of € 5.881.512 are not recorded in the income statement for the current year.

### **Book value and estimated fair market value of investments as at 31 December 2014.**

<b>Euro</b>	Book value	Unrealized capital gains/(losses)	Market value
Equity investment funds	33.730.306	1.329.673	35.059.979
Money Market investment funds	40.248.236	50.645	40.298.881
Corporate bond investment funds	112.548.803	4.501.194	117.049.997
Deposits and cash	51.546.456	0	51.546.456
<b>Total</b>	<b>238.073.801</b>	<b>5.881.512</b>	<b>243.955.313</b>

### **Credit rating of the investment product as at 31 December 2014.**

The overall weighted average credit rating of the Money Market investment funds, the corporate bonds investment fund and the Deposits and cash is A-.

### **Country Allocation and duration by investment class as at 31 December 2014.**

#### **Corporate Bond funds:**

Euro denominated funds with 71% exposure on European countries and an average duration of 4,13 years.

#### **Money Market funds:**

Euro denominated funds with 89% exposure on European countries and an average duration of 0,66 years.

#### **Equity funds:**

Passive managed 100% European well diversified fund.

The Overall average duration of the portfolio excl. equity is 2,46 years.

## Net Investment Income

<b>Euro</b>	<b>2014</b>	<b>2013</b>
Gains/(losses)	5.598.236	518.161
Interests and dividend securities	0	0
Interests term deposits	119.624	78.234
Interests cash and cash equivalents	195.423	235.790
Adjustments to investment values	520.304	-1.287.722
Withholding taxes	-91.625	-79.268
<hr/>		
Net investment income	6.341.961	-534.805

## Result

The € 23.155.502 surplus for 2014 compares with a € 20.798.927 surplus in 2013 (before allocation to reserve for equalization and catastrophes).

The surplus of the year includes the results of our Swiss branch. As at 31 December 2014 no policies have been written through the branch so that the deficit represents the operational costs of € 124.766.

The technical surplus for 2014 of € 16.920.203 is partially allocated to the Swiss reserve for equalization and catastrophes for € 6.653.360 (equivalent of CHF 8.000.000) and also in accordance with the rules of the Belgian insurance regulator (National Bank of Belgium).

The Board of Directors recommends to the Annual General Meeting that the surplus of the year be allocated to the guarantee fund for the amount of € 6.359.757 in relation to the Belgian activities and to be carried over in retained earnings for the deficit of € 124.766 in relation to the Swiss Branch following the local requirements.

## Guarantee Fund

The guarantee fund plus the reserve for equalization now available to the Members supports insurance capacity amounts of € 221.163.611.

## Recommendations

We propose that you:

- Approve the financial statements for the year ended 31 December 2014 as presented;
- Grant discharge to the Directors of the Company in respect of their duties and functions for the year ended 31 December 2014;
- Grant discharge to the Statutory Auditor.



Berndt Kockum  
Chairman of the Board  
On behalf of the Board of Directors

## 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 insurance business and enable the mutual to comply with the Royal Decree of 12 August 1994 , the NBB (formerly CBFA) communications D172 and the Circulars PPB-2006-8-CPA and PPB-2007-6-CPB-CPA.

All the principles are written in the document "Memorandum of good governance". In addition the Executive committee presents annually to the Board the Report on internal control.

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

### The Board

There are currently eleven Board members, including the Chairman and the Vice-Chairman, seven of them are representing the nuclear Members, two external directors and two members of the Executive Committee.

All of the Board members are nominated by the Annual General Meeting for a three-year period and eligible for re-appointment.

The Board meets four times a year and at other times as may be necessary.

### 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 Committees, recommendations of the strategy to be applied to the Members of the association, approval of the annual operating budget. In addition, the Board has appointed four standing Committees. These Committees report to the Board at each of their meetings. The terms of reference for the Executive Committee, Audit Committee, Finance and Investment Advisory Committee and 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.

### **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 material misstatements or loss.

### **Control procedures**

The Mutual have 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 Executive Committee is responsible for the identification and evaluation of the risks underwritten. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources including EMANI's own loss control service and regulatory requirements and/or authorities.

### **Monitoring and corrective actions**

The Mutual has produced an Internal procedures manual, which provides practical guidance for all staff.

The internal auditor reports to the Audit Committee on the effectiveness of the procedures.

## **Statutory auditor's report to the members' meeting on the annual accounts for the year ended 31 December 2014**

The original text of this report is in French

To the shareholders

As required by law and the association's articles, we report to you in the context of our appointment as the statutory auditor. This report includes our report on the annual accounts together with our report on other legal and regulatory requirements. These annual accounts comprise the balance sheet as at 31 December 2014 and the income statement for the year then ended, as well as the summary of accounting policies and other disclosures.

### **Report on the annual accounts – Unqualified opinion**

We have audited the annual accounts of E.M.A.N.I. ("the association"), prepared in accordance with the financial reporting framework applicable in Belgium, which show total assets of 253.910 (000) EUR and a profit for the year of 6.235 (000) EUR.

#### *Board of directors' responsibility for the preparation of the annual accounts*

The board of directors is responsible for the preparation and fair presentation of annual accounts in accordance with the financial-reporting framework applicable in Belgium, 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.

### *Statutory auditor's responsibility*

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 (ISA). 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 statutory auditor's judgment, 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 statutory auditor considers internal control relevant to the association'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 association'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 have obtained from the association's officials and the board of directors the explanations and information necessary for performing our audit.

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

### *Unqualified opinion*

In our opinion, the annual accounts of E.M.A.N.I. give a true and fair view of the association's net equity and financial position as of 31 December 2014 and of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.



## Report on other legal and regulatory requirements

The board of directors is responsible for maintaining the association's accounting records in compliance with the legal and regulatory requirements applicable in Belgium and for the association's compliance with the association's articles.

As part of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statements, which do not modify the scope of our opinion on the annual accounts:

- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting is in accordance with the relevant requirements of the law and the association's articles.
- There are no transactions undertaken or decisions taken in violation of the association's articles or applicable laws that we have to report to you.

Diegem, 21 March 2015

**The statutory auditor**

**DELOITTE Bedijfsrevisoren / Reviseurs d'Entreprises**

BV o.v.v.e. CVBA / SC s.f.d SCRL

Represented by



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Rik Neckebroeck



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Yves Dehogne

## Balance sheet as of 31 December 2014 and 2013

(Currency - Euro)

<b>ASSETS</b>	<b>31/12/2014</b>	<b>31/12/2013</b>
C. Investments		
III. Other financial investments		
1. Parts in investment funds	186.527.345	158.191.387
6. Term deposits with financial institutions	32.838.261	42.619.628
	<b>219.365.606</b>	<b>200.811.015</b>
D. bis. Part of reinsurance in the technical reserves		
I. Reserve for non-earned premiums and current risks	3.289.804	3.910.128
III. Reserve for claim receivable	10.526.985	12.980.360
IV. Reserve for profit sharing and refunds	0	0
	<b>13.816.789</b>	<b>16.890.488</b>
E. Receivables		
I. Receivables resulting from direct insurance		
1. Insurers	640.351	947.735
2. Intermediaries of insurers	192.818	61.260
II. Receivables resulting from reinsurance	655.263	255.456
III. Other receivables	47.583	103.793
	<b>1.536.015</b>	<b>1.368.244</b>
F. Other assets		
I. Tangible Assets	220.387	195.770
II. Liquidities	18.708.195	19.597.446
	<b>18.928.581</b>	<b>19.793.216</b>
G. Transitory accounts		
I. Interest and rent	263.149	137.229
	<b>263.149</b>	<b>137.229</b>
<b>TOTAL ASSETS</b>	<b>253.910.139</b>	<b>239.000.192</b>

## Balance sheet as of 31 December 2014 and 2013

(Currency - Euro)

<b>LIABILITIES</b>	<b>31/12/2014</b>	<b>31/12/2013</b>
A. Equity		
I. Subscribed capital or equivalent fund, net of uncalled capital		
1. Guarantee fund securities	90.477.991	84.108.201
5. Retained earnings	-182.040	-56.290
	<b>90.295.951</b>	<b>84.051.910</b>
C. Technical reserves		
I. Reserve for unearned premiums and for unexpired risks	10.166.856	10.889.620
III. Reserve for claims payable	18.419.962	28.714.077
IV. Reserve for equalisation and catastrophies	130.867.660	113.947.458
	<b>159.454.478</b>	<b>153.551.154</b>
G. Payables		
I. Payables resulting from direct insurance business	2.330.464	1.041.326
II. Receivables resulting from reinsurance business	1.069	1.069
III. Other payables		
1. Fiscal and Social payables		
a) Taxes	0	0
b) Social payables	297.680	259.329
2. Other	98.761	44.062
	<b>2.727.973</b>	<b>1.345.786</b>
H. Transitory accounts	1.431.738	51.342
	<b>1.431.738</b>	<b>51.342</b>
<b>TOTAL LIABILITIES</b>	<b>253.910.139</b>	<b>239.000.192</b>

*The accompanying notes are an integral part of these balance sheets.*

## Income Statement as of 31 December 2014 and 2013

(Currency - Euro)

		<b>31/12/2014</b>	<b>31/12/2013</b>
1.	Earned premiums, net of reinsurance		
	a) Gross premiums	42.474.499	46.855.395
	• Premiums written	42.712.958	47.093.026
	• Rebates to Members	-238.459	-237.631
	b) Reinsurance premiums	-19.740.269	-23.314.991
	c) Variation of the reserve for unearned premiums and unexpired risks, gross of reinsurance (increase -, decrease +)	722.764	-33.511
	d) Variation of the reserve for unearned premiums and unexpired risks, reinsurers part (increase +, decrease -)	-620.324	-422.429
		<b>22.836.670</b>	<b>23.084.464</b>
2bis.	Investment Income		
	b) Income from other investments	315.047	314.024
	c) Write-back of adjustments on investments	520.304	0
	d) Realized capital gains	5.676.142	740.564
		<b>6.511.492</b>	<b>1.054.588</b>
3.	Other technical income net of reinsurance	<b>15.868</b>	<b>0</b>
4.	Costs of claims, net of reinsurance (-)		
	a) Net amount paid	-10.465.661	-7.928.912
	aa) Gross amount	-14.483.628	-10.865.475
	bb) Part of reinsurers	4.017.967	2.936.564
	b) Variation of the claims services reserve, net of reinsurance (increase -, decrease +)	7.840.740	9.442.614
	aa) Variation of the reserve for claims, gross of reinsurance (increase -, decrease +)	10.294.115	15.017.283
	bb) Variation of the reserve for claims, part of reinsurance (increase -, decrease +)	-2.453.375	-5.574.669
		<b>-2.624.921</b>	<b>1.513.702</b>
6.	Cost of refund of contribution, net of reinsurance (-)		
	a) Net amount paid	0	-215.456
	b) Variation of the refunds reserve, net of reinsurance (increase -, decrease +)	0	121.318
		<b>0</b>	<b>-94.138</b>

## Income Statement as of 31 December 2014 and 2013

(Currency - Euro)

- continued -

	<b>31/12/2014</b>	<b>31/12/2013</b>
7. Net operating expenses (-)		
a) Acquisition expenses	-220.073	-221.955
c) Administrative expenses	-3.194.004	-2.935.594
	<b>-3.414.077</b>	<b>-3.157.549</b>
7bis. Expenses relating to investments (-)		
a) Expenses for managing investments	-91.625	-79.268
b) Adjustments to investment values	0	-1.287.722
c) Realized less values	-77.906	-222.402
	<b>-169.531</b>	<b>-1.589.393</b>
8. Autres charge de reassurance	0	-12.747
<b>SURPLUS/(DEFICIT) OF THE PERIOD BEFORE VARIATION RESERVE FOR EGALIZATION AND CATASTROPHES</b>	<b>23.155.502</b>	<b>20.798.927</b>
9. Variation in the reserve for equalization and catastrophes, net of reinsurance (increase -, decrease +)	-16.920.203	-21.389.420
<b>Surplus/(Deficit)</b>	<b>6.235.299</b>	<b>-590.493</b>
15. Taxes	-308	-283
<b>Surplus / (Deficit) of the period available for distribution</b>	<b>6.234.991</b>	<b>-590.775</b>

*The accompanying notes are an integral part of these income statements.*

# Notes to the financial statements as of 31 December 2014 and 2013

(Currency - Euro)

## 1. ACTIVITY OF THE MUTUAL ASSOCIATION AND SUMMARY OF THE MAIN ACCOUNTING PRINCIPLES

The purpose of the Mutual Association is to indemnify those of its insured members that have suffered property and/or business interruption damage to their nuclear installations and/or contents thereof. In certain cases the Mutual Association also insures non-nuclear risks.

During the year 2014 the total insurance capacity of E.M.A.N.I. was 600.000.000 EUR of which:

- 16% of the first 5.000.000 EUR is reinsured by way of "quota share" contracts (for a first loss); No reinsurance of the first 5.000.000 EUR (for a second loss);
- 21,13% of the following 95.000.000 EUR, in excess of 5.000.000 EUR, is reinsured by way of "quota share" contracts (for a first loss); 5,13% of the following 95.000.000 EUR, in excess of 5.000.000 EUR, is reinsured by way of "quota share" contracts (for a second loss);
- 65,48% of 500.000.000 EUR in excess of 100.000.000 EUR is reinsured by way of "excess of loss";

The risk for E.M.A.N.I. is thus limited to 226.100 KEUR for a first loss and 242.100 KEUR for a second loss during the year 2014.

During the year 2014 the total insurance capacity of E.M.A.N.I. for terrorism is 600.000.000 EUR of which:

- 12,80% of 125.000.000 EUR is reinsured by way of "quota share" contracts (for a first loss); No reinsurance for the first 125.000.000 EUR (for a second loss);
- 76,00% of 250.000.000 EUR in excess of 125.000.000 EUR is reinsured by way of "excess of loss" contracts (idem for a first and second loss);
- 76,00% of 225.000.000 EUR in excess of 375.000.000 EUR is reinsured by way of "excess of loss" contracts (idem for a first and second loss);

The risk for E.M.A.N.I. for terrorism is thus limited to 223.000 KEUR for a first loss and 239.000 KEUR for a second loss during the year 2014.

The accounting principles of E.M.A.N.I. can be summarized as follows:

### a. Overview of the amortization rates applied

Other assets – tangible fixed assets	Per year
Installations, electronic equipment and office tools	33,33%
Furniture	10%
Vehicles	20%

### b. Technical provisions

The association constitutes technical provisions based on contributions relating to the active, non-expired policies in force at the end of the accounting year, unreleased members' rebates relating to an expired policy, claims payable and the reserve for equalisation and catastrophes in accordance with Articles 10 and 11 of the Royal Decree of 22 February 1991.

## Notes to the financial statements as of 31 December 2014 and 2013

(Currency - Euro)  
- continued -

### c. Fixed income securities

The fixed income securities (straight and convertible bonds) are valued at their acquisition cost. The incidental costs are expensed as incurred.

The differences, if material, between acquisition cost and redemption value of the securities are amortized pro rata to maturity of the securities. Unless the intention of the association is to sell the securities in the short term, no adjustment is booked to reflect the market value if this market value is below the net book value determined according to the method described above. At 31 December, the investments denominated in foreign currencies are converted in Euro using the year-end exchange rate. The exchange gains are deferred whereas the exchange losses are recorded in the income statement. Reduction in value on fixed income securities shall be recorded in the income statement when the reimbursement at redemption date is partly or fully uncertain or compromised.

### d. Shares and other non-fixed income securities

The investments denominated in foreign currencies are converted in Euro using the year-end exchange rate. The exchange gains are deferred whereas the exchange losses are recorded in the income statement.

Shares and other non-fixed interest securities are recorded at acquisition cost. The incidental costs are expensed as incurred. Unrealised losses are recorded if the Board of Directors evaluates that there is a permanent less value on those securities. Such less values are recorded in the income statement.

### e. Foreign exchange rate contracts

The foreign exchange rate contracts are converted in Euro using the exchange rate as of the balance sheet date. The exchange gains are deferred whereas the exchange losses are recorded in the income statement.

### f. Accounts payable and receivable in foreign currency

The foreign currency denominated accounts are converted in Euro using the exchange rate as of the balance sheet date. The foreign currency denominated accounts of the income statement are converted into Euro on a monthly basis using the exchange rate in force at the end of the previous month.

Except for the unrealized exchange gains on the bonds and other fixed interest securities, the shares and other non-fixed interest securities and the foreign exchange rate contracts, as mentioned in point c), d) and e). The unrealized exchange gains and losses are recorded in the income statement under the caption "Investment income" and "Expenses relating to investments".

## Notes to the financial statements as of 31 December 2014 and 2013

(Currency - Euro)  
- continued -

### 2. GUARANTEE FUND

The Board of Directors proposes to the Annual General Meeting to allocate 6.359.757 EUR, the surplus of the year 2014, to the Guarantee Fund. Note that the result of the year 2014 of the Swiss Branch will not be transferred to the Guarantee Fund, but will be reported separately as retained earnings (-124.766 EUR).

The evolution of the Guarantee Fund over 2014 is as follows:

Guarantee fund at 31 December 2013	84.108.201
Transfer of the surplus of the year (exclusive Swiss Branch)	6.359.757
Dotation of a new member	10.032
<b>Guarantee fund at 31 December 2014</b>	<b>90.477.991</b>

The evolution of the retained earnings over 2014 is as follows:

Retained earnings 31 December 2013	-56.290
Transfer of the deficit of the year (Swiss Branch)	-124.766
Exchange rate difference of retained earnings 2013 CH	-984
<b>Retained earnings at 31 December 2014</b>	<b>-182.040</b>

### 3. COVERING ASSETS

The assets that represent the technical provisions have to be invested in accordance with the rules set out in Article 10 of the Royal Decree of 22 February 1991.

As of 31 December 2014 and 2013, the Mutual Association had invested its representative assets as follows:

	<b>31/12/2014</b>	<b>31/12/2013</b>
Investment funds	138.111.717	110.790.802
Cash (cash and term deposits)	24.036.648	44.305.936
	<b>162.148.365</b>	<b>155.096.738</b>



## Notes to the financial statements as of 31 December 2014 and 2013

(Currency - Euro)  
- continued -

### 4. RESERVE FOR EGALISATION AND CATASTROPHIES

In application to Article 11, §1, 3° of the Royal Decree dated 22 February 1991 on the general rules on the control of insurance companies. The Mutual Association started in 1996 to build a reserve for equalisation and catastrophes. The purpose thereof is to create a reserve that would smooth out variations in claims or would cover exceptional risks.

Based on the current regulations, the theoretical target amount that should be provided for within the Mutual Associations' equalisation and catastrophes reserve is 226.100.000 EUR. The yearly movement however depends on the income or loss of the Mutual Association before (net) investment income (exclusive the income from the Swiss branch). An income results in an addition to the reserve for the amount of the income, and a loss results in a usage of the reserve for the amount of the loss. The application of this rule resulted in an addition of 16.920.203 EUR for the year 2014 and an addition of 21.389.420 EUR for the year 2013 which brings the total of the reserve up to 130.867.660 EUR.

It should however be noted that at the end of 2014 the guarantee fund amounts to 90.477.991 EUR and can also be used to cover the obligation of the mutual. Additionally, the Mutual may call under certain circumstances for additional funds of the members (article 26 of articles of the bylaws) to be used to cover the obligation of the Mutual.

### 5. MANAGEMENT

The investment management of the Mutual Association has been outsourced.

The investment management fee is included in the net asset value of the investment funds.

The broker reinsurance handling fee amounts to 335.200 EUR for the year 2014 and 229.974 EUR for 2013.

Reinsurance commissions refunded to E.M.A.N.I. are 492.271 EUR for 2014 and 585.977 EUR for the year 2013 and are deducted from the reinsurance premium charges.

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EUROPEAN MUTUAL  
ASSOCIATION  
FOR NUCLEAR INSURANCE

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