

**ELINI**

**ANNUAL REPORT  
2007**



Annual Report 2007  
of the Board of Directors  
and of the Statutory Auditor  
to be presented at  
The Annual General Meeting  
on 24th April 2008

Insurance company authorised by decision of the Management committee CBFA on the 6th November 2003.

To underwrite "Liability" (branch 13)

(Moniteur Belge 04.12.2003 - Code 2275)

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Belgium

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## Financial Highlights

In euro

### Statement of Earnings

**2007**

**2006**

Net premium earned	934.691	785.005
Claims	0	-1.401
Expenses	-230.587	-192.522
Other income	92.654	161.031
Net investment result	841.807	538.517
Earnings before distribution to reserve for equalisation and catastrophies	1.638.565	1.290.630

### Balance Sheet

Assets	28.362.267	21.611.629
Liabilities	97.017	72.359
Guarantee fund (including reserve for equalisation and catastrophies)	28.265.250	21.539.270

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## **Members**

**AREVA**  
**Belgoprocess NV**  
**BKW FMB Energie AG**  
**CEZ**  
**EDF**  
**Electrabel SA**  
**ENBW Kraftwerke AG**  
**ENEL**  
**E.ON Kernkraft GmbH**  
**E.ON Sweden AB**  
**EPZ NV**  
**Eskom**  
**Eurodif SA**  
**FBFC International**  
**Forsmarks Kraftgrupp AB**  
**Fortum Power & Heat Oy**  
**GKN NV**  
**Kernkraftwerk Gösgen-Däniken AG**  
**NOK**  
**OKG Aktiebolag**  
**Paks Nuclear Power Plant Ltd**  
**RHK Puram**  
**Ringhals AB**  
**RWE Power AG**  
**SCK•CEN**  
**SKB**  
**Slovenske Elektrarne a.s.**  
**Studsvik**  
**Teollisuuden Voima Oy**  
**Vattenfall Europe**

## Member Representatives & Status

### Member

### Representative

### Status

#### Belgium

Belgoprocess NV  
Electrabel SA  
FBFC International  
SCK•CEN

A. Roefs  
A. van den Abeele  
F. Goens  
C. Legrain

Insured  
Non Insured  
Insured  
Insured

#### Czech Republic

CEZ

H. Eliasova

Non Insured

#### Finland

Fortum Power & Heat Oy  
Teollisuuden Voima Oy

M. Kautonen  
K. Luotonen

Insured  
Insured

#### France

AREVA  
EDF  
Eurodif SA

P. Obert  
J.L. Thébault  
R. Jimenez-Shaw

Insured  
Insured  
Insured

#### Germany

ENBW Kraftwerke AG  
E.ON Kernkraft GmbH  
RWE Power AG  
Vattenfall Europe

C.D. Bölle  
K. Greimel  
J. Haaf  
A. Brachem

Non Insured  
Non Insured  
Non Insured  
Pre-Capitalized

## Member Representatives & Status

Member	Representative	Status
<b>Hungary</b>		
Paks Nuclear Power Plant Ltd	L. Molnár	Non Insured
RHK Puram	I. Barnabas	Non Insured
<b>Italy</b>		
ENEL	R. Muscogiuri	Non Insured
<b>Slovak Republic</b>		
Slovenske Elektrarne a.s.	R. Muscogiuri	Non Insured
<b>South Africa</b>		
Eskom	M. Molelekoa	Non Insured
<b>Sweden</b>		
E.On Sweden AB	B. Svensson	Insured
Forsmarks Kraftgrupp AB	S. Ordeus	Insured
OKG Aktiebolag	C. Svensson	Insured
Ringhals AB	J.E. Back	Insured
SKB	B. Sundman	Insured
Studsvik	R. Atmer	Insured
<b>Switzerland</b>		
BKW FMB Energie AG	U. Bircher	Non Insured
Kernkraftwerk Gösgen-Däniken AG	F. Schwabe	Non Insured
NOK	T. Erb	Non Insured
<b>The Netherlands</b>		
EPZ NV	J.W.M Bongers	Non Insured
GKN NV	G. Geertsma	Non Insured

## **Board of Directors**

**José Luis Carbonell**

**Joachim Haaf**

**Bengt Svensson**

**Jean-Marie Boudier**

**Christian Legrain**

**Daniel Martenet**

**Roberto Muscogiuri**

**Danny Van Welkenhuyzen**

**Marleen Vercammen**

Chairman

Vice-Chairman

Vice-Chairman

External Director

External Director

Executive Committee

Executive Committee

# **Advisory Committees**

## **Insurance Advisory Committee**

B. Svensson  
Y. Colleu  
T. Erb  
K. Greimel  
J. Haaf  
V. Hronek  
P. Hyvönen  
B-P. Jobse  
M. Kautonen  
B. Kockum  
K. Luotonen  
L. Molnár  
P. Obert  
A. van den Abeele

Chairman

## **Communication Advisory Committee**

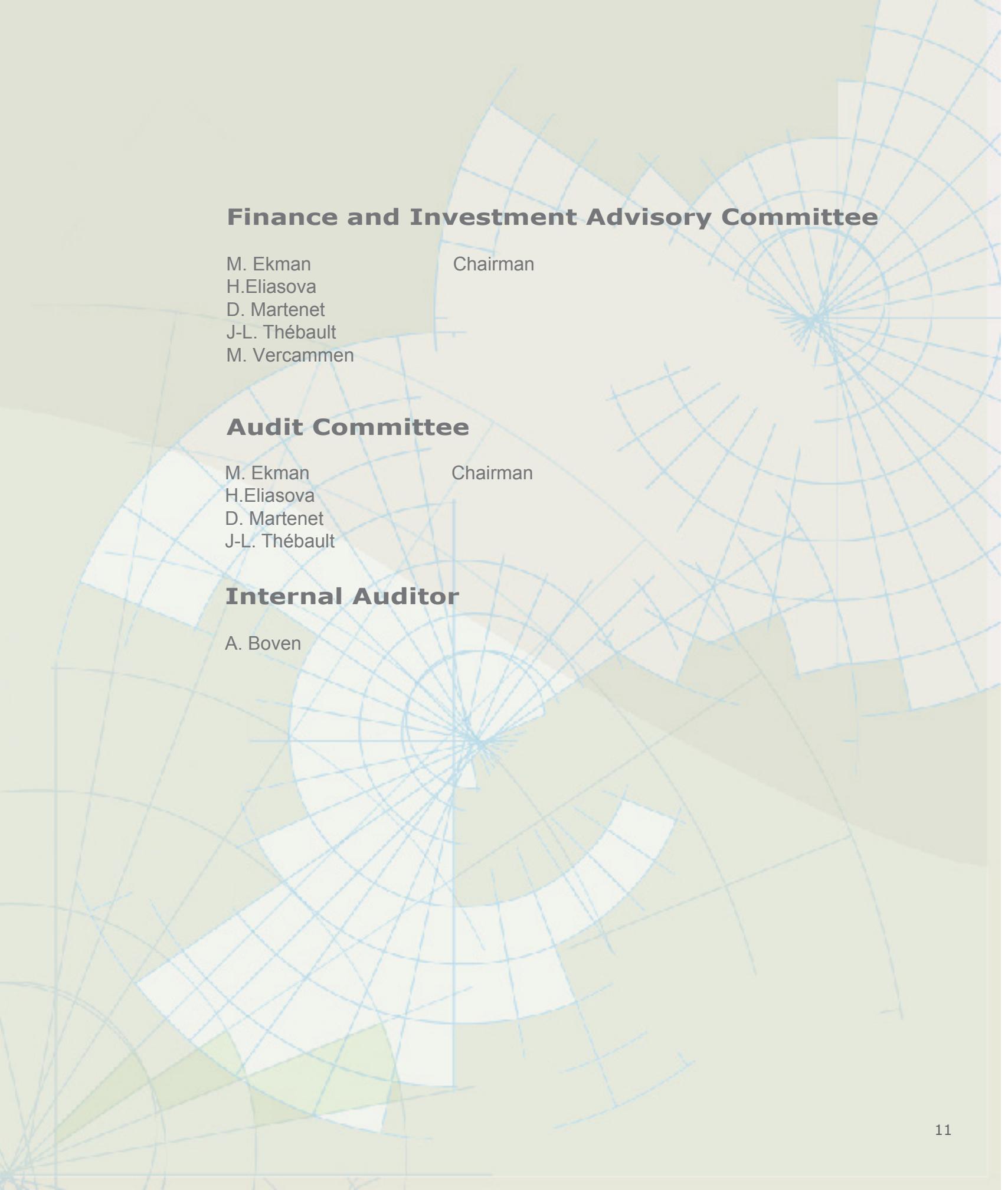
J.L. Thébault  
C. Birr-Meza  
C. Jorant  
K. Kainurinne

Chairman

## **Legal Advisory Committee**

L. Veuchelen  
M. Beyens  
R. Danielsson  
A. Dümmerling  
T. Erb  
A-S. Herzog  
B. Lehmann  
R. Lions  
K. Luotonen  
L. Molnár  
S. Ordéus  
M. Schmans  
R. Siilos

Chairman



## **Finance and Investment Advisory Committee**

M. Ekman  
H.Eliasova  
D. Martenet  
J-L. Thébault  
M. Vercammen

Chairman

## **Audit Committee**

M. Ekman  
H.Eliasova  
D. Martenet  
J-L. Thébault

Chairman

## **Internal Auditor**

A. Boven

## **Executive Committee**

Danny Van Welkenhuyzen  
Managing Director

Marleen Vercammen  
Financial Manager

## **Staff**

Ann Geivaerts  
Legal Manager

Maria Laguna Serrano  
Underwriting Assistant

## **Auditors**

Deloitte  
Berkenlaan 8b  
B 1831 Diegem  
Represented by  
Mr. Rik Neckebroeck  
Réviseur d'Entreprise

## **Actuary**

Nicolaï & Partners  
Frilinglei 109  
2930 Brasschaat

# Letter from the Chairman

Dear Members,

Once again I have the honour of presenting our Annual Report to you.

The Revised Paris and Brussels Conventions, signed on February 2004 are in the process of gradually being transposed in our national legislations. Once becoming mandatory, they will increase the scope of the definition of a “nuclear damage” but also the liability to be covered by the nuclear operators and the extension of liability period to 30 years in the case of body injury.

Our mutual was created to help you to cover this increased liability, helping to bridge the gap between the capacity available in the insurance markets and the new minimum € 700 million limit.

In the meantime, we are providing you with additional capacity, acting as co-insurers in most of the cases. But in order to be able to provide more capacity we have to redouble our efforts to enrol additional Insured Members.

I am pleased to inform you that this year, we welcomed four new Members (Eskom, Puram, BKW and Gösgen-Däniken) within the Mutual, that we are negotiating with other potential Members and that EDF increased its capitalization.

Finally, I want to thank our management team for their outstanding work and I wish you all the best for 2008, working together for strengthening and enlarging ELINI.



José Luis Carbonell  
Chairman of the Board

## **Description of Activities**

ELINI is a Belgian mutual insurance association formed in December 2002 to provide insurance capacity for nuclear liability risks to its Members. The present Members of ELINI include nuclear facilities in Belgium, Czech Republic, Finland, France, Germany, Hungary, Italy, Slovak Republic, South Africa, Sweden, Switzerland and The Netherlands.

The capacity provided by ELINI is independent of that provided by the various nuclear Pools.

The main benefits to Members of ELINI include:

Additional insurance capacity in view of the Revised Paris and Brussels Supplementary Conventions.

Alternative insurance capacity for terrorism cover and 30 years prescription period.

Potential for contribution savings.

Information exchange and data centre for nuclear insurance matters.

## **Underwriting & Claims Handling**

ELINI's current portfolio is principally based on nuclear liability risks cover, in accordance with the decision of the Member, with the existing Pools and any other markets as coinsurer, reinsurer or leader with the exception in those countries where a 100 % policy is taken out by the Member.

The prices of the insurance coverages are in accordance with own rating tables so that Members of the Mutual will derive immediate benefit from reduced contributions.

It is not expected that ELINI, as a relatively small member of the liability market, deals with claims in the event of a catastrophe. If there is an incident of offsite release of radiation, the government will inevitably seize control of the logistics and the whole insurance market will be mobilized. As an insurer, ELINI will contribute to the cost in accordance with the provisions of the Member's insurance policy.

Article 25 of the Articles of Association provides for additional contributions from Members if required to meet claims.

## **Reinsurance**

ELINI can purchase reinsurance cover to supplement capacity and to spread risk as the Board deems appropriate.

## **Management Structure**

ELINI is a mutual association constituted in Brussels under Belgian law and authorised by decision of the Management Committee of the CBFA on the 6th November 2003.

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 Annual General Meeting, has full managerial authority.

The administration 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 operating, controlling or owing nuclear installations, or their representatives, and which have an insurable interest, can be Members of the Association.

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

A new Member must take out or have the intention to take out at a later stage at least one insurance policy with unreserved acceptance of the rights and obligations included in the Articles of Association.

There are three kind of Members:

- Non Insured Members who do not take part in the constitution of the Guarantee Fund but pay an Administration Fee;
- Non Insured Members who take part in the constitution of the Guarantee Fund (Supportive Members);
- Insured Members who have an insurance policy and have contributed to the constitution of the Guarantee Fund.

# **Report of the Board of Directors To be presented to the Annual General Meeting of 24th April 2008**

Dear Member,

We are pleased to present for your approval the financial statements of our Mutual for its fifth year of operations, which ended on 31st December 2007.

The Management of ELINI 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 generally accepted accounting principles appropriate in the circumstances. These financial statements include amounts that are based on Management's judgment and best estimates.

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

We engaged Deloitte, 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, cash flows and results of our operations. Their report is set forth on page 22.

## **Capacity**

The maximum insurance capacity for the year 2007 amounted to € 86.616.088 and our own retention increased from € 15.500.000 in 2006 to € 22.000.000 and for one policy to € 23.616.088 in 2007.

## **Contributions**

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

Net contributions increased from € 998.663 in 2006 to € 1.241.946 in 2007 due to our higher share in the limits and the increase of our own retention.

Reinsurance costs increased from € 213.658 to € 307.255 due to increased share of risks going into the facultative reinsurance.

## **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.

Last years' reserve of € 3.500 for AREVA was maintained.

## **General expenses**

General expenses increased from € 192.522 in 2006 to € 230.587 in 2007 mainly due to higher human resources costs, Board and Members Meetings expenses and professional fees.

## **Investments**

There were no long term investments made and our liquidities increased from € 21.441.350 in 2006 to € 28.309.872 in 2007. They were invested in short term money market funds and bank deposits, resulting in a financial income of € 841.807.

## **Result**

The € 1.638.565 surplus of 2007 before allocation, compares with an € 1.290.630 surplus before allocation for 2006.

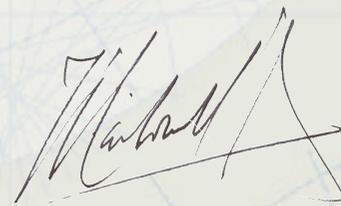
The technical surplus for 2007 of € 796.757 together with the part of the financial surplus earned on the technical reserves amounting to € 91.925 will be allocated to the reserve for equalization and catastrophes.

In accordance with our Articles of Association, the Board of Directors proposes to the Annual General Meeting that the financial surplus for 2007 of € 749.882 will be allocated to the guarantee fund.

## **Guarantee Fund**

The guarantee fund and reserve for equalization now available to the members to be used as insurance capacity, if you agree to our proposal, will be € 28.265.250.

Looking forward to a good 2008 operational year, on behalf of the Board and the Management of ELINI, I take the opportunity of thanking you for your support.



**José Luis Carbonell**  
**Chairman 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 communication D171 of 31 March 1999 and the Circular PPB-2007-6-CPB-CPA.

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

## The Board

There are currently 9 Board Members, including the Chairman and the two Vice-Chairmen, two External Directors and the 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 six Advisory Committees. These Committees report to the Board at each of their Meetings. The terms of reference for the Executive Committee, Internal Audit Committee, Finance and Investment Advisory Committee, Legal Advisory Committee, Communication Advisory Committee and Insurance Advisory 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 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 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 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 Mutual is producing a Code of Business Conducts, which will provide practical guidance for all staff.

The internal auditor reports to the internal audit committee on the effectiveness of the procedures.



# Statutory Auditor's Report

EUROPEAN LIABILITY INSURANCE FOR THE NUCLEAR INDUSTRY

To the Members

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the financial statements together with the required additional comments and information.

## **Unqualified audit opinion on the financial statements**

We have audited the financial statements of E.L.I.N.I. for the year ended 31 December 2007, prepared in accordance with the accounting principles applicable in Belgium, which show total assets of 28.362 (000) EUR and a profit for the year of 750 (000) EUR.

The board of directors of the company is responsible for the preparation of the financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/ Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the association and the presentation of the financial statements, taken as a whole, and the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the financial statements as of 31 December 2007 give a true and fair view of the company's assets, liabilities, financial position and results in accordance with the accounting principles applicable in Belgium.

## Additional attestations

The association's compliance with the requirements of the applicable Belgian law and its articles of association are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comments which do not change the scope of our audit opinion on the financial statements:

- Regardless of formal aspects of minor importance the books and records of the association are maintained and the financial statements are established in conformity with the applicable Belgian law and regulations on insurance companies.
- Our examinations did not make us aware of any transactions or decisions which would represent a violation of the association's bylaws.
- The proposed distribution of the results for the year ended December 31, 2007 is in conformity with the association's bylaws and applicable law.

The Statutory Auditor



Deloitte Reviseurs d'entreprises  
Represented by Rik Neckebroek  
Diegem, 29 February 2008

## ELINI Balance sheet as of December 31, 2007 and 2006

### **ASSETS**

	<u>2007</u>	<u>2006</u>
C. Investments		
III. Other financial investments		
1. Parts in investment funds	28.171.864	21.316.389
D Bis. Part of reinsurance in the technical reserves		
I. Reserve for non-earned premiums and current risks	0	3.059
E. Receivables		
I. Receivables from direct insurance :		
Insurers	0	90.040
II. Receivables from reinsurance	0	5.668
III . Other receivables	2.490	10.000
	2.490	105.708
F. Other assets		
I. Tangible Assets	43.358	1.921
II. Liquidities	138.008	124.961
	181.366	126.882
G. Transitory accounts		
I. Interests and rent	6.547	59.591
	6.547	59.591
<b>TOTAL ASSETS</b>	<b>28.362.267</b>	<b>21.611.629</b>

## ELINI Balance sheet as of 31 December 2007 and 2006

### **LIABILITIES**

	<u>2007</u>	<u>2006</u>
A. Equity		
I. Subscribed capital or equivalent fund, net of uncalled capital		
1. Guarantee fund securities	25.108.271	19.270.974
V. Retained earnings		
1. Surplus (Deficit) of the period	0	0
	25.108.271	19.270.974
C. Technical reserves		
I. Reserve for unearned premiums and unexpired risks	21.693	20.190
III. Reserve for claims payable	3.500	3.500
V. Reserve for equalisation and catastrophies	3.156.979	2.268.296
	3.182.172	2.291.986
G. Payables		
I. Payables resulting from direct insurance business	3.155	3.416
II. Payables resulting from reinsurance business	95	0
V. Other payables		
1. Fiscal and Social Payables		
b) Social Payables	10.782	9.007
2. Other	51.352	22.688
	65.384	35.111
H. Transitory accounts	6.440	13.558
	<b>28.362.267</b>	<b>21.611.629</b>

The accompanying notes are an integral part of these balance sheets

# ELINI Income statement 31 December 2007 and 2006

(Currency - Euro)

## I. Income Statement

	<u>2007</u>	<u>2006</u>
1. Earned premiums net of reinsurance		
a) Gross premiums	1.243.450	1.018.853
° Premiums written	1.243.450	1.018.853
° Rebates to members	0	0
b) Reinsurance premiums	-304.197	-216.717
c) Variation of the reserve for unearned premium and unexpired risks gross of reinsurance ( increase-, decrease+)	-1.503	-20.190
d) Variation of the reserve for unearned premium and unexpired risks reinsurers part ( increase+, decrease-)	-3.059	3.059
	-----	-----
	934.691	785.005
2bis. Investment income		
b) Income from other investments	19.994	490.312
d) Realized capital gains	824.910	121.820
	-----	-----
	844.904	612.132
3. Other technical income net of reinsurance	92.654	161.031
4. Cost of claims, net of reinsurance (-)		
a) Net amount paid	0	-6.401
aa) Gross amount	0	0
bb) part of reinsurers		
b) Variation of claims services reserve, net of reinsurance (increase -, decrease +)		
aa) Variation of the reserve for claims gross of reinsurance (increase - , decrease +)	0	5.000
bb) Variation of the reserve for claims part of reinsurance (increas +, decrease-)	0	0
	-----	-----
	0	-1.401
7. Net operating expenses (-)		
a) Acquisition expenses	-24.714	-23.409
c) Administrative expenses	-205.873	-169.113
	-----	-----
	-230.587	-192.522
7bis. Expenses relating to investments (-)		
a) Expenses for managing investments	-2.999	-73.547
b) Adjustments to investment values	-93	-68
c) Realized less values	-5	0
	-----	-----
	-3.097	-73.615
9) Variation in the reserve for equalization and catastrophies, net of reinsurance (increase-, decrease+)	-888.683	-808.280
<b>SURPLUS/DEFICIT OF THE PERIOD AVAILABLE FOR DISTRIBUTION</b>	<b>749.882</b>	<b>482.350</b>

# Notes to the financial statements as of December 31, 2007 and 2006

(Currency - Euro)

## **1. Activity of the Association and summary of the main accounting principles**

The association's objective is to insure the civil liability (Branch 13) of its Insured Members in the context of and limited to the responsibility specified in the Convention of Paris on civil liability in the area of nuclear energy and/or specified in the national legislations of the countries where the Convention of Paris is not applicable.

By a decision of the Belgian Prudential Authority taken on November 6, 2003, the association has been granted the agreement to execute insurance activities of the branch "Civil Liability" (Branch 13).

At December 31, 2007, the total insurance capacity of ELINI was 86.616.088 of which:

- 100% of any amount in excess of 22.000.000 up to 42.000.000 was reinsured by way of treaty reinsurance contract, with the exception of one policy where the amounts is in excess of 23.616.088 up to 43.616.088;
- 100% of any amount in excess of 42.000.000 up to 75.164.064 was reinsured by way of facultative reinsurance contract, except for one policy where the amount is in excess of 43.616.088 up to 86.616.088

The risk of ELINI is thus limited to 23.616.088 as of December 31, 2007.

The accounting principles of ELINI can be summarized as follows:

### **a) Overview of the amortization rates applied**

Other assets-tangible fixed assets:

- Installations, electronic equipment and office tools: 33,33% per year
- Furniture: 10% per year
- Vehicles: 20% per year

## **b) Technical provisions**

The association constitutes technical provisions based on premiums received not earned, claims payable and a reserve for equalization and catastrophies in accordance with Articles 10 and 11 of the Royal Decree of February 22, 1991 relating to regulations applicable to insurance companies.

## **c) 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.

## **d) 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 defferred whereas the exchange losses are recorded in the income statement.

## **e) 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.

The unrealized exchange gains and losses are recorded in the income statement under the caption "Investment income" and "Expenses relating to investments", except for the unrealized exchange gains on the foreign exchange rate contracts as mentioned in point d.

## 2. Guarantee fund

The Board of Directors proposes to the Annual General Meeting to allocate € 749.882, the surplus of the year 2007, to the Guarantee Fund.

The evolution of the Guarantee Fund over 2007 is as follows:

Guarantee Fund at December 31, 2006	19.270.974
Transfer of the surplus of the year 2007	749.882
Additional dotations from Members	5.087.415
	<hr/>
Guarantee Fund at December 31, 2007	25.108.271

## 3. Representative 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 February 22, 1991.

As of 31 December 2007 and 2006, the Mutual association had invested its assets as follows:

	<u>12/31/2007</u>	<u>12/31/2006</u>
Investment funds	3.200.000	2.295.402

## **4. Reserve for equalisation and catastrophies**

In application to Article 11, §1, A, 3° of the Royal Decree dated February 22, 1991 on the general rules on the control of insurance companies, the association started in 2004 to build a reserve for equalization and catastrophies. The purpose thereof is to create a reserve that would iron out variations in claims or would cover exceptional risks. Based on the current regulation, the Associations' equalization and catastrophies reserve should reach 23.616.088. The yearly movement however depends on the income or loss of the association before (net) investment income. 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 888.683 for the year 2007 and an addition of 808.280 for the year 2006.



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