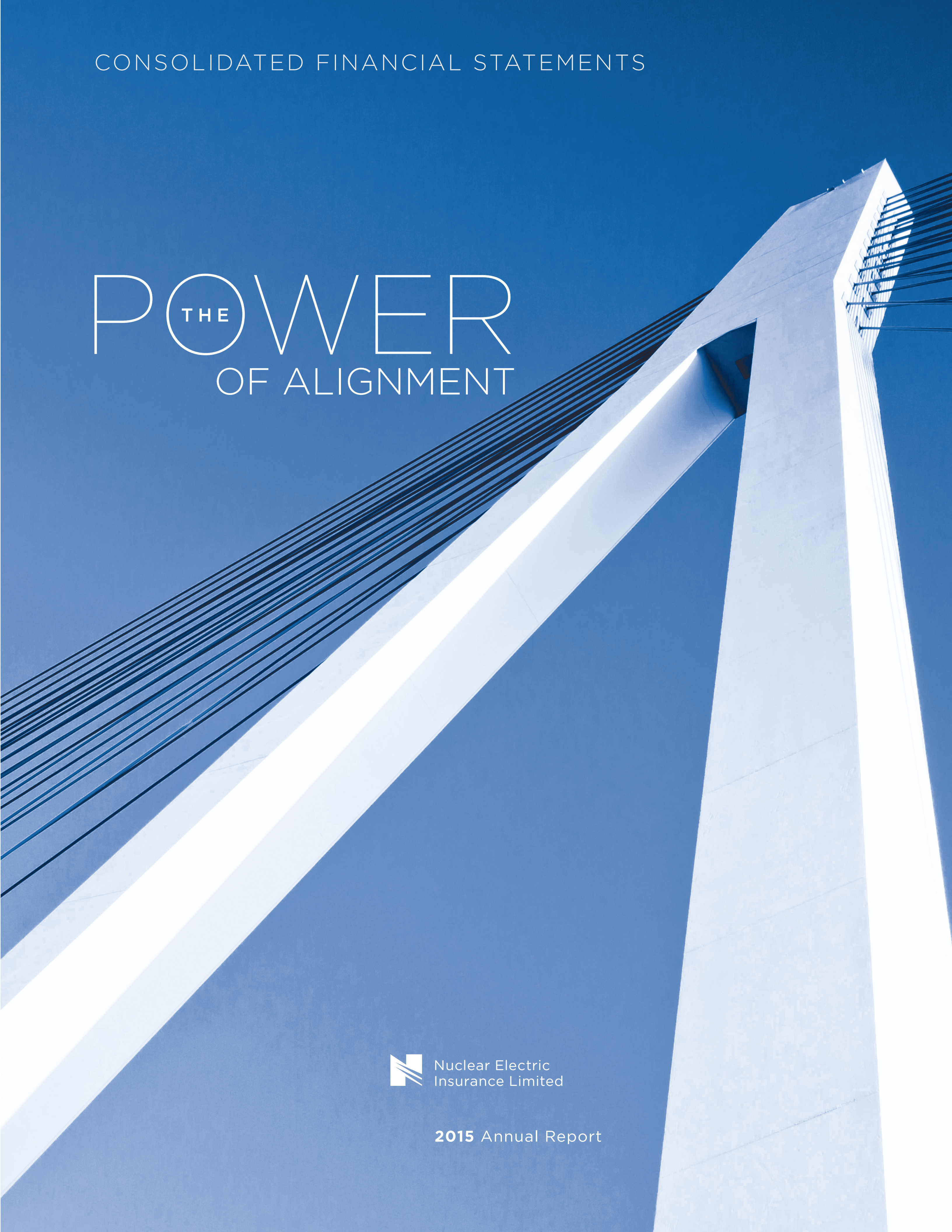
CONSOLIDATED FINANCIAL STATEMENTS



THE POWER OF ALIGNMENT

Nuclear Electric Insurance Limited

2015 Annual Report

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INDEPENDENT AUDITORS' REPORT

To the Policyholders of
Nuclear Electric Insurance Limited
Hamilton, Bermuda

We have audited the accompanying consolidated financial statements of Nuclear Electric Insurance Limited and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations and comprehensive loss, cash flows, and changes in policyholders' surplus for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements 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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Nuclear Electric Insurance Limited and Subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Philadelphia, Pennsylvania
March 22, 2016

NUCLEAR ELECTRIC INSURANCE LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

PERIODS ENDED DECEMBER 31, 2015 AND 2014 *(In thousands of U.S. Dollars)*

ASSETS	2015	2014
Investments:		
Fixed maturities, at fair value	$1,636,262	$1,626,325
Equity securities, at fair value	2,033,639	2,262,721
Short-term investments	171,793	414,877
Alternative investments	769,220	754,603
Total investments	4,610,914	5,058,526
Cash	30,655	42,529
Accrued interest and distributions receivable	38,069	13,556
Amounts due from policyholders	18,842	16,073
Reinsurance receivable	2,224	–
Income taxes receivable	150	–
Foreign currency forward contracts receivable, at fair value	57,184	76,373
Prepaid reinsurance premiums	27,119	32,296
Prepaid expenses and other assets	12,184	9,235
Total assets	4,797,341	5,248,588
LIABILITIES AND POLICYHOLDERS' SURPLUS		
Liabilities:		
Unpaid losses and loss adjustment expenses	$ 334,829	$ 542,497
Unearned premiums	107,188	115,284
Ceded premiums payable	13,349	13,368
Income taxes payable	–	8,624
Amounts due to policyholders	24,991	–
Deferred income taxes, net	248,398	323,043
Distribution payable to policyholders	100,000	100,000
Foreign currency forward contracts payable, at fair value	57,092	74,334
Accounts payable, accrued expenses and other liabilities	51,847	100,645
Total liabilities	937,694	1,277,795
Commitments and contingencies (Notes 6 & 11)		
Policyholders' surplus:		
Reserve fund	$ 250	$ 250
Accumulated other comprehensive earnings	475,030	565,877
Surplus	3,384,367	3,404,666
Total policyholders' surplus	3,859,647	3,970,793
	$4,797,341	$5,248,588

See notes to consolidated financial statements

NUCLEAR ELECTRIC INSURANCE LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE EARNINGS (LOSS)

PERIODS ENDED DECEMBER 31, 2015 AND 2014 *(In thousands of U.S. Dollars)*

	2015	2014
Direct premiums earned	$ 228,213	$ 232,078
Reinsurance premiums assumed	51,640	50,744
Reinsurance premiums ceded, net	(63,926)	(66,257)
Net Premiums Earned	215,927	216,565
Losses and loss adjustment expenses	271,889	297,928
Administrative expenses	39,167	37,461
Commissions expense	1,635	1,891
Total underwriting expenses	312,691	337,280
Earnings (Loss) From Underwriting Operations	(96,764)	(120,715)
Investment income, net	90,990	107,182
Gains (losses) on alternative investments, net	54,038	70,107
Net realized investment gains (losses):	29,413	175,606
Investment expenses	(10,797)	(10,805)
Earnings (Loss) Before Distribution To Policyholders And Income Taxes	66,880	221,375
Distribution to policyholders	100,000	100,000
Earnings (Loss) Before Income Taxes	(33,120)	121,375
Income tax expense (benefit)	(12,821)	36,020
Net Earnings (Loss)	(20,299)	85,355
Other Comprehensive Earnings (Loss), Net Of Income Taxes		
Foreign currency translation adjustment (net of income taxes of ($6,312) in 2015 and ($21,766) in 2014)	(11,722)	(40,423)
Net unrealized gain (loss) arising during the period (net of income taxes of ($7,738) in 2015 and $32,867 in 2014)	(14,371)	61,038
Less: Reclassification adjustments for net investment gains included in net earnings (net of income taxes of $34,867 in 2015 and $29,895 in 2014)	64,754	55,518
Total net unrealized gains (losses) arising during the period	(79,125)	5,520
Other Comprehensive Earnings (Loss), Net Of Income Taxes	(90,847)	(34,903)
Comprehensive Earnings (Loss)	$(111,146)	$ 50,452

See notes to consolidated financial statements

NUCLEAR ELECTRIC INSURANCE LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

PERIODS ENDED DECEMBER 31, 2015 AND 2014 *(In thousands of U.S. Dollars)*

OPERATING ACTIVITIES:	2015	2014
Net earnings (loss)	$ (20,299)	$ 85,355
Adjustments to reconcile net earnings (loss) to net cash used in operating activities:		
Realized investment losses (gains), including impairments, net	(29,413)	(175,606)
Amortization/accretion of premiums and discounts on investments	10,711	13,031
Loss (income) from costless collars and covered calls	-	(67)
Losses (gains) on alternative investments, net of expenses	(53,558)	(69,931)
Deferred income taxes, net	(23,440)	13,680
Distribution to policyholders - declared	100,000	100,000
Payment of policyholders' distributions	(100,000)	(100,000)
Changes in assets and liabilities which provided (used) cash:		
Accrued interest and distributions receivable	487	1,480
Amounts due from policyholders	(2,769)	5,644
Reinsurance receivable	(2,224)	-
Income taxes receivable and payable	(8,773)	21,724
Foreign currency forward contracts receivable	19,189	78,004
Prepaid reinsurance	5,177	8,854
Prepaid expenses and other assets	(17)	(1,863)
Unpaid losses and loss adjustment expenses	(202,982)	177,961
Unearned premiums	(8,096)	(5,707)
Ceded premiums payable	(19)	(6,320)
Amounts due to policyholders	24,991	-
Foreign currency forward contracts payable	(17,242)	(79,685)
Accounts payable and accrued expenses	4,678	7,096
Total adjustments	(283,300)	(11,705)
Net cash provided by (used in) operating activities	(303,599)	73,650
INVESTING ACTIVITIES:		
Proceeds from sales/distributions of investments:		
Fixed maturities	1,411,283	1,372,255
Equity securities	762,183	719,186
Alternative investments	85,118	109,353
Short-term investments	1,413,243	698,546
Maturities of investments—fixed maturities	213,032	144,625
Maturities of investments—short-term	–	3,050
Purchases of investments:		
Fixed maturities	(1,683,806)	(1,542,894)
Equity securities	(667,596)	(618,765)
Alternative investments	(71,177)	(51,243)
Short-term investments	(1,170,555)	(877,509)
Net cash provided by (used in) investing activities	291,725	(43,396)
NET INCREASE (DECREASE) IN CASH	(11,874)	30,254
CASH:		
Beginning of year	42,529	12,275
End of year	$ 30,655	$ 42,529
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash (paid) during the year for interest	$ (6)	$ (17)
Net cash (paid) refunded during the year for income tax	$ (19,325)	$ (609)

See notes to consolidated financial statements

NUCLEAR ELECTRIC INSURANCE LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN POLICYHOLDERS' SURPLUS

PERIODS ENDED DECEMBER 31, 2015 AND 2014 *(In thousands of U.S. Dollars)*

			Accumulated Other Comprehensive Earnings (Loss)		
	Total	Surplus	Foreign Currency Translation	Unrealized Gains (Losses) and Benefit Obligations	Reserve Fund
Balance, January 1, 2014	$3,920,341	$3,319,311	$ 2,442	$598,338	$250
Comprehensive Earnings (Loss):					
Net earnings (loss)	85,355	85,355	–	–	–
Other comprehensive earnings (loss), (net of income taxes)	(34,903)	–	(40,423)	5,520	–
Comprehensive Earnings (Loss):	50,452	85,355	(40,423)	5,520	–
Balance, December 31, 2014	$3,970,793	$3,404,666	$(37,981)	$603,858	$250
Comprehensive Earnings (Loss):					
Net earnings (loss)	(20,299)	(20,299)	–	–	–
Other comprehensive earnings (loss), (net of income taxes)	(90,847)	–	(11,722)	(79,125)	–
Comprehensive Earnings (Loss):	(111,146)	(20,299)	(11,722)	(79,125)	–
Balance, December 31, 2015	$3,859,647	$3,384,367	$(49,703)	$524,733	$250

See notes to consolidated financial statements

1. NATURE OF BUSINESS

Nuclear Electric Insurance Limited (the "Company" or "NEIL") is incorporated under the laws of Bermuda, has its place of business in Delaware, and is a registered insurer under the Bermuda Insurance Act of 1978 and the Captive Insurance Companies Act of Delaware. The Company traces its roots to 1973 and the formation of Nuclear Mutual Limited ("NML") in Bermuda, as a mutual insurance company. NML and the Company, which was formed as a mutual insurance company in 1980, were formed by groups of U.S. electric utilities as alternatives to the commercial nuclear insurance market. NML was merged into the Company in 1997. Each utility and energy company that is a Member of the Company today has, or had at the time of becoming a Member, an insurable interest in a commercial nuclear power generation plant. NEIL organized a subsidiary named NEIL Specialty Insurance Company ("NSIC"), a Delaware Corporation, which is licensed as an industrial insured captive insurer. NSIC was incorporated on March 14, 2014 and began issuing policies on April 1, 2014.

The Company insures nuclear plants and their generating units, owned by electric utilities and independent power producers (the "Members"). The Company currently provides property insurance coverage to all of the commercial nuclear power generating facilities in the United States, Belgium and Spain for: 1) the costs associated with certain long-term interruptions of electric generation, under the Primary and Accidental Outage programs due to accidental physical damage to insured sites; 2) decontamination expenses incurred at such sites arising from accidental nuclear contamination; 3) other risks of direct physical loss at such sites, including certain premature decommissioning costs under the Primary and Excess programs, and 4) risks associated with the construction of new nuclear power plants through the Company's Builders' Risk program.

The Company also provides certain non-nuclear property and liability coverage to existing Members. This coverage is provided in conformity with conventional property and liability programs, following the terms and conditions underwritten by the program's lead underwriter(s). This business is written directly and as assumed reinsurance.

The Accidental Outage program pays a maximum weekly indemnity limit of $4.5 million resulting from an accidental outage at any one unit. The Company's loss exposure on any single incident at a unit is limited to 100% of the weekly indemnity for 52 weeks and 80% for the subsequent 110 weeks, up to a maximum of $490 million for any one occurrence. Optional deductibles of 8, 12, 20, or 26 weeks are available as part of this program.

The Primary Property program provides property insurance coverage of $1.5 billion per occurrence. The Excess program provides property insurance coverage of up to $1.25 billion in excess of $1.5 billion per occurrence. The Excess program features an optional blanket limit structure that allows for multiple nuclear sites to share limits at reduced rates. NSIC's captive coverage attaches above the $1.5 billion of non-nuclear coverage and the maximum limit offered is $750 million.

The Builders' Risk program provides property insurance coverage of up to $2.75 billion with a sublimit for delay in start-up, natural hazards, and other perils. Policy periods vary as a result of the complexity and uniqueness of each project.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation & Basis of Presentation

The Consolidated Financial Statements include the Company, its wholly owned subsidiaries, Nuclear Service Organization, Inc., Delaware Risk Management, Inc., Nuclear Electric (Cayman) Limited, Overseas NEIL Limited ("ONEIL") and NSIC, and variable interest entities ("VIE's") for which the Company is the primary beneficiary. All intercompany transactions have been eliminated in consolidation. The financial statements have been prepared in conformity with the accounting principles generally accepted in the United States of America ("US GAAP"). Subsequent events have been evaluated through March 31, 2015, which is the date the financial statements were available to be issued.

Premiums Written/Unearned Premiums

Net premiums written reflect the premiums the Company retains after purchasing reinsurance protection, less Performance and Participation Credits ("PPC") of $22 million at December 31, 2015. Net premiums earned reflect the portion of net premiums written that were recorded as revenues for the period as the exposure period expires, net of discounts and PPC. Premiums written and reinsurance premiums assumed and ceded are reflected in earnings on a pro-rata basis over the term of each policy, or in the case of Builders' Risk, written premiums and reinsurance premiums ceded are recognized over the contract period in proportion to the amount of insurance protection provided. Unearned premiums represent the portion of premiums written, which are applicable to the unexpired terms of policies in force. Unearned premiums are recorded at cost, which approximates fair value. The Company records advance payments of reinsurance premiums as Prepaid reinsurance premiums. Premiums ceded under reinsurance agreements are recorded as Ceded premiums payable, to the extent there is no right to offset with prepaid reinsurance amounts.

Policyholders' Distribution

The Company insures nuclear plants and their generating units owned by the Members, primarily in the United States. The Company provides catastrophic insurance covering low frequency, high severity events and as such requires significant resources to satisfy potential catastrophic claims. To the extent that the full amount of these resources is not required during a given year, distributions to Members may be utilized as a method of sharing favorable financial results. Distributions are determined on an annual basis at the discretion of the Board of Directors, based on the authority approved by the Membership, and allocated to the Members in accordance with NEIL's Bye-Laws. If, for any reason, a Member ceases to maintain an insurance relationship with NEIL, the Member will lose its Membership status. The Member would remain eligible, for the ensuing five-year period only, to participate in future distributions. The Member would not be eligible to participate in any liquidation distributions, even if such distributions occur within the eligibility period. The Board of Directors declared a $100 million distribution to Policyholders on December 11, 2015 and December 12, 2014, payable to the Members by March 31, 2016 and March 31, 2015, respectively.

Investments

The Company applies the Fair Value Option for Financial Assets and Liabilities (embodied in Accounting Standards Codification ("ASC") Topic 825, *Financial Instruments*), which allows companies to make an election on an individual instrument basis to report financial assets and liabilities at fair value. The election must be made at the inception of a transaction and may not be reversed. The Company has made the election for fixed maturity and equity securities purchased on or after January 1, 2010. These securities are included in Fixed maturities and Equity securities, at fair value on the Consolidated Balance Sheets and changes in the fair value of the securities are reported in Net realized investment gains (losses) on the Statements of Operations and Comprehensive Earnings (Loss). Dividends on equity securities are recorded when declared, and interest on fixed income securities is recorded on an accrual basis. The Company believes that making the election for its portfolio of investment securities is consistent with its operating principle to manage investments for total return.

Both dividends and interest are reported in Investment income, net on the Statements of Operations and Comprehensive Earnings (Loss). Amortization and accretion of premiums and discounts on marketable securities are included in Investment income, net. Realized investment gains and losses on sales of equity and fixed maturity securities are computed using the specific identification cost method and are reported in Net realized investment gains (losses) on the Statements of Operations and Comprehensive Earnings (Loss).

The Company has categorized its investments in marketable fixed maturity and equity securities as available for sale. Excluding those securities accounted for under the Fair Value Option, the Company has reported the portfolio at fair value with unrealized gains and losses, which include unrealized gains and losses due to foreign currency translation, net of tax, as a component of Accumulated Other Comprehensive Earnings (Loss), which is a separate component of Policyholders' Surplus.

Excluding those securities accounted for under the Fair Value Option, declines in the fair value of equity securities are evaluated by management for other-than-temporary impairment ("OTTI") as defined in ASC Topic 320, *Debt and Equity Securities*. For equity securities, the Company's intent and ability to retain the investment for a period of time sufficient for the anticipated recovery is not absolute, as the Company has granted the authority to its investment managers and does not direct the managers' decision making. As a result, the Company considers any equity security in a loss position to be other-than-temporarily impaired. New information and the passage of time can change this determination.

Excluding those securities accounted for under the Fair Value Option, declines in the fair value of fixed maturity securities are evaluated by management for OTTI. When an OTTI related to a fixed maturity security has occurred, if the Company intends to either sell the security or determines that it is more likely than not that it will be required to sell a security before recovery of the entire amortized cost basis or maturity of the security, the Company recognizes the entire impairment in net earnings. If the Company does not intend to sell the fixed maturity security and it determines that it is more likely than not that it will not be required to sell the security, and it does not expect to recover the entire amortized cost basis, the impairment is bifurcated into the amount attributed to the credit loss, which is recognized in net earnings, and all other causes, which are recognized in Other Comprehensive Earnings (Loss).

Short-term investments consist of income generating funds with maturities of less than one year in duration held within various externally managed portfolios. The income generated in these funds is included in Investment income, net. These investments are primarily recorded at cost, which approximates fair value.

The Company holds a variety of derivative financial instruments for risk management and investment purposes. The Company recognizes all derivatives as either assets or liabilities at fair value as prescribed in ASC Topic 815, *Derivatives and Hedging*. Gains and losses on derivatives are recorded in Investment income, net on the Statements of Operations and Comprehensive Earnings (Loss).

Alternative investments consist of investments in real estate, private equity and hedge funds that are either carried on the equity method of accounting as prescribed in ASC Topic 323, *Investments, Equity Method and Joint Ventures*, or in limited instances are consolidated variable interest entities ("VIEs"), as prescribed in ASC Topic 810, *Consolidation*. The Company follows ASC Topic 970, *Real Estate, General*, in accounting for its Real Estate investments. For investments in Private Equity and Hedge Funds, the Company follows accounting as prescribed in ASC Topic 323, *Investments, Equity Method and Joint Ventures*. The Company records the activity of its alternative investments generally on a one-quarter lag or less, due to the timing of receipt of financial information from the fund managers. At December 31, the Company's alternative investments are generally reported at the Company's proportional interest in the fund as of September 30, on a fair value basis consistent with the underlying fund's method of accounting, except where more current information is available, adjusted for contributions and distributions through December 31.

The Company also considers fund transactions during the last three months of the year that may indicate a significant change in fair value has occurred. Due to the inherent uncertainty of valuation, the values determined by management may differ significantly from values that would have been used had a ready market for these investments existed, and the differences could be material.

Variable Interest Entities

In the normal course of investment activities, the Company enters into relationships with entities that could be considered VIEs. For most VIEs, the entity that has both the ability to direct the most significant activities of the VIE and the obligation to absorb losses or receive benefits that could be significant to the VIE, is considered the primary beneficiary. The Company's policy is to consolidate those VIEs for which it is deemed to be the primary beneficiary. The accounting guidance for the determination of when an entity is a VIE and when to consolidate a VIE is complex and requires significant management judgment. The determination of the VIE's primary beneficiary requires an evaluation of the contractual and implied rights and obligations associated with each party's relationship with, or involvement in, the entity, an estimate of the entity's expected losses, and expected residual returns and the allocation of such estimates to each party involved in the entity. The Company generally uses a qualitative approach to determine whether it is the primary beneficiary.

The Company's VIEs consist of certain interests in hedge funds, real estate funds and private equity limited partnerships. The Company enters into the VIEs purely to diversify its investment portfolio. The VIEs are primarily financed by capital contributions from equity holders. The Company's involvement in financing the VIE is limited to its equity interest. The Company performed an economic analysis of the rights and obligations of its assets, liabilities, equity, and other contracts to identify its variable interests. On a subsequent basis, and at least annually, the Company has also performed an assessment of reconsideration events. The Company is a limited partner in its partnership investments and, as such, does not participate in the management of the entities. The limited partner agreement and the partnership entity's most current financial statements were also reviewed, to determine if the investment entity required subordinate financial support to permit it to finance its activities; whether there is an obligation to absorb expected losses or receive expected residual returns; and whether there are guaranteed returns on its interest or its returns are capped.

Included in alternative investments on the Consolidated Balance Sheets as of December 31, 2015 and 2014, were investment vehicles, which are considered VIEs and for which the Company is not the primary beneficiary. The following tables are the carrying amount, unfunded commitment and maximum exposure to loss relating to VIEs for which the Company is not the primary beneficiary and which have not been consolidated:

December 31, 2015 *(In thousands of U.S. Dollars)*

	Carrying Value	Remaining Commitment	Maximum Exposure to Loss[1]
Hedge Funds	$ 59,825	$ –	$ 59,825
Real Estate Partnerships	115,815	21,127	136,942
Private Equity Partnerships	63,736	14,109	77,845
	$239,376	$35,236	$274,612

1) The maximum exposure to loss is equal to the carrying amount plus any unfunded commitments of the Company.

December 31, 2014 *(In thousands of U.S. Dollars)*

	Carrying Value	Remaining Commitment	Maximum Exposure to Loss[1]
Hedge Funds	$ 40,916	$ –	$ 40,916
Real Estate Partnerships	95,403	4,981	100,384
Private Equity Partnerships	63,511	21,181	84,692
	$199,830	$26,162	$225,992

1) The maximum exposure to loss is equal to the carrying amount plus any unfunded commitments of the Company.

Unpaid Losses and Loss Adjustment Expenses

As an insurance and reinsurance company, the Company is required, by applicable laws and regulations, and by US GAAP, contained in ASC Topic 944, *"Financial Services-Insurance,"* to establish loss and loss expense reserves for the estimated unpaid portion of the ultimate liability for losses and loss expenses, under the terms of policies and agreements with its insured and reinsured Members. The estimate of liabilities includes provision for claims that have been reported but unpaid at the balance sheet date and for future obligations from claims that have been incurred but not reported ("IBNR") at the balance sheet date. The provision for unpaid losses and loss expenses is determined on the basis of management estimates based, where appropriate, on information from claims adjustors, independent consultants, and other evaluations, including estimates for IBNR. The process for establishing loss reserves can be complex and subject to considerable uncertainty, and requires the use of informed estimates and judgments based on circumstances known at the date of the accrual. The methods of making such estimates and establishing resulting liabilities are continually reviewed and updated, and any resultant adjustments are reflected in operations currently.

Contingencies

ASC Topic 450, *Contingencies*, defines a contingency as any material condition that involves a degree of uncertainty that will ultimately be resolved. Under US GAAP, the Company is required to establish reserves for contingencies when a loss is both probable and can be reasonably estimated. The Company determines the amount of reserves required for contingencies, if any, after carefully analyzing each issue using internal estimates, case level reviews by both inside and outside legal, technical, and claims experts, and other relevant information. In cases where the loss is not both probable and estimable, the Company has not established an accrual at this time. Appropriate disclosures are made in accordance with the requirements of ASC Topic 450. The required reserves may change due to new developments in information, or changes in approach to claim or loss resolution. Any such revision could result in future changes in estimates of losses or reinsurance recoverable, and would be reflected in the Company's financial statements in the period in which the estimates are changed.

Income Taxes

The Company accounts for income taxes under the asset and liability method as prescribed by ASC Topic 740, *Income Taxes*, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in earnings in the period that includes the enactment date.

The Company records net deferred tax assets to the extent it believes these assets will more likely than not be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. In the event the Company was to determine that it would be able to realize its deferred income tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the valuation allowance, which would reduce the provision for income taxes.

The Company accounts for its uncertain tax positions in accordance with ASC Topic 740. ASC Topic 740 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more likely than not recognition threshold to be recognized. ASC Topic 740 also provides guidance on measurement, de-recognition, classification, interest and penalties, and disclosure. The Company would recognize interest and penalties (if any) related to unrecognized tax benefits within the income tax expense line in the accompanying Statements of Operations and Comprehensive Earnings (Loss). Accrued interest and penalties (if any) would be included within the related tax liability line in the Consolidated Balance Sheets. There are no material uncertain tax positions reflected in the Company's Consolidated Financial Statements as of December 31, 2015 and 2014.

Cash

Cash includes short-term securities with maturities of three months or less at the time of purchase, primarily deposits with banks, which are generally considered part of the Company's cash management activities rather than the Company's investing activities.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The purpose of this update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Company is currently evaluating the potential impacts that this new standard will have on its Consolidated Financial Statements.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities (Subtopic 825-10)*. This update revises an entity's accounting related to the classification and measurement of investments in equity securities (except those accounted for under the equity method of accounting or those that result in consolidation of the investee), changes the presentation of certain fair value changes relating to instrument specific credit risk for financial liabilities and amends certain disclosure requirements associated with the fair value of financial instruments. This update is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019 with early adoption permitted after December 15, 2017. The Company is currently evaluating the potential impacts that this new standard will have on its Consolidated Financial Statements.

In February 2015, the FASB issued ASU 2015-02, *Amendments to the Consolidation Analysis (Topic 810)*. The update impacts an entity's consolidation analysis of its variable interest entities, particularly those that have fee arrangements and related party relationships. The update eliminates certain conditions for evaluating whether a fee paid to a decision maker or a service provider represents a variable interest, and places more emphasis in the evaluation of variable interests other than fee arrangements. Additionally, the amendments reduce the extent to which related party arrangements cause an entity to be considered a primary beneficiary. The amendments in this update are effective for fiscal years beginning after December 15, 2016, and for interim periods within fiscal years beginning after December 15, 2017. The amendments in this update can be applied using a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption or retrospectively. The Company is currently evaluating the potential impacts that this new standard will have on its Consolidated Financial Statements.

In May 2015, the Financial Accounting Standards Board ("FASB") issued new guidance on short-duration insurance contracts (Accounting Standards Update ("ASU") 2015-09, (Topic 944): *Disclosures about Short-Duration Contracts)*. The new guidance should be applied retrospectively by providing comparative disclosures for each period presented, except for those requirements that apply only to the current period. The new guidance requires insurance entities to provide users of financial statements with more transparent information about initial claim estimates and subsequent adjustments to these estimates, including information on: (i) reconciling from the claim development table to the balance sheet liability, (ii) methodologies and judgments in estimating claims, and (iii) the timing, and frequency of claims. The amendments in this new guidance are effective for annual periods beginning after December 15, 2016, and interim periods within annual periods beginning after December 15, 2017. The Company is currently evaluating the potential impacts that this new standard will have on its Consolidated Financial Statements.

In May 2015, the FASB issued new guidance on fair value measurement *(ASU 2015 07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)),* effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. The new amendments remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value ("NAV") per share practical expedient. In addition, the amendments remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The Company is currently evaluating the potential impacts that this new standard will have on its Consolidated Financial Statements.

In August 2014, the FASB issued authoritative guidance to determine when and how a company is required to disclose going-concern uncertainties in the financial statements. The guidance requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. This guidance is effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter, with early adoption permitted. The Company is currently evaluating the potential impacts that this new standard will have on its Consolidated Financial Statements.

3. INVESTMENTS

The amortized cost, gross unrealized gains and losses and estimated fair value of Available for Sale Securities, excluding those securities accounted for under the Fair Value Option, at December 31, 2015 and 2014 are as follows:

December 31, 2015 (In thousands of U.S. Dollars)

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Fixed Maturities:				
U.S. government obligations	$ –	$ –	$ –	$ –
Foreign government obligations	1,074	404	–	1,478
Obligations of state and political subdivisions	988	248	–	1,236
Corporate debt securities	22,794	3,153	(56)	25,891
Mortgage-backed securities	34,498	3,902	(208)	38,192
Other debt securities	406	68	–	474
	59,760	7,775	(264)	67,271
Equities	241,339	801,486	(5,961)	1,036,864
	$301,099	$809,261	$(6,225)	$1,104,135

December 31, 2014 (In thousands of U.S. Dollars)

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Fixed Maturities:				
U.S. government obligations	$ 334	$ 24	$ –	$ 358
Foreign government obligations	1,345	492	–	1,837
Obligations of state and political subdivisions	1,197	402	–	1,599
Corporate debt securities	35,111	6,306	(7)	41,410
Mortgage-backed securities	49,863	5,381	(200)	55,044
Other debt securities	405	80	–	485
	88,255	12,685	(207)	100,733
Equities	298,811	924,885	(4,632)	1,219,064
	$387,066	$937,570	$(4,839)	$1,319,797

The fixed maturity securities accounted for under the Fair Value Option had an amortized cost of $1,587,011,000 and $1,502,718,000 and an estimated fair value of $1,568,991,000 and $1,525,592,000 at December 31, 2015 and 2014, respectively. The equity securities accounted for under the Fair Value Options had a cost of $961,456,000 and $911,430,000 and an estimated fair value of $996,775,000 and $1,043,657,000 at December 31, 2015 and 2014, respectively.

The Company was required to hold $62,000,000 and $68,000,000 of equity securities in trust as collateral for a reinsurance agreement at December 31, 2015 and 2014, respectively.

Gross realized gains and losses for Available for Sale Securities, including those securities accounted for under the Fair Value Option during 2015 and 2014, respectively, were as follows:

(In thousands of U.S. Dollars)

	2015	2014
Realized gains	$ 227,591	$242,118
Realized loss	(78,062)	(56,791)
Net gain (loss) on fair value option securities	(115,859)	(8,001)
Impairments	(4,257)	(1,720)
	$ 29,413	$175,606

Components of Investment income, net for the years ended December 31, 2015 and 2014 are as follows:

(In thousands of U.S. Dollars)

	2015	2014
Interest and dividends	$ 96,785	$ 96,315
Derivative gains (losses), net	5,968	19,859
Accretion and amortization	$(10,711)	(13,031)
Other income	(1,052)	4,039
	$ 90,990	$107,182

The amortized cost and estimated fair value of fixed maturity securities by maturity date at December 31, 2015 are as follows:

(In thousands of U.S. Dollars)

	Cost or Amortized Cost	Estimated Fair Value
Due in one year or less	$ 126,317	$ 126,473
Due after one year through five years	799,700	797,741
Due after five years through ten years	281,306	276,224
Due after ten years	439,448	435,824
	$1,646,771	$1,636,262

The net change in unrealized investment gains (losses) arising during the period, including foreign currency translation adjustments and excluding the net change in benefit obligations and Loss Reserve foreign exchange of $7,184,000 and ($1,278,000) for the years ended December 31, 2015 and 2014, respectively, is as follows:

(In thousands of U.S. Dollars)

	2015	2014
Fixed maturities	$ (12,941)	$(14,320)
Equity securities	(137,876)	(37,411)
Deferred income taxes	52,786	18,106
	$ (98,031)	$(33,625)

The Company maintains specific restrictions on its investment portfolio based on policy guidelines as approved by the Board of Directors. These guidelines include restrictions with respect to diversification and credit quality. For fixed maturity investments, exposure to a single entity, with the exception of the U.S. Treasury and Government agencies may not exceed 1% of the fair value of the aggregate NEIL portfolio. Asset-backed Securities, where the credit quality/rating is primarily based on specified collateral and not the issuer are not subject to the 1% limit. Securities with an explicit guarantee from the issuer are also not subject to the 1% limit. The policy guidelines also require that no less than 90% of the fixed maturity portfolio must be rated investment grade by the Fitch, Standard & Poor's or Moody's rating services. As of December 31, 2015, the Company's fixed maturity securities included U.S. Government obligations, Foreign Government obligations, Corporate Debt Securities, Mortgage-backed Securities and Other Debt Securities. Mortgage-backed Securities included Residential Mortgage-backed Securities ("RMBS"), Commercial Mortgage-backed Securities ("CMBS"), Collateralized Mortgage Obligations ("CMOs") and other Asset-backed Securities ("ABS"). Other debt securities included Federal Agency debt issues from the Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") and Federal Home Loan Bank ("FHLB"). The Company's fixed maturity portfolio had a fair value of $1,636,262,000 and $1,626,325,000 at December 31, 2015 and 2014, respectively. Of this amount, 97.8% was rated as investment grade credit quality with the remaining 2.2% rated as non-investment grade.

IMPAIRMENT EVALUATION FOR FIXED MATURITY SECURITIES

Government Obligations

Government obligations include U.S. Treasury and agency obligations, Foreign Government obligations, and state and municipality subdivision obligations, which were in an unrealized loss position. These securities are evaluated for credit loss using a combination of quantitative and qualitative assessments of the likelihood of credit loss considering the credit ratings of the issuers and issuer specific information. The quantitative methodology is similar in approach to that described below for Corporate Debt Securities. All of the Company's holdings in this category are investment grade securities. There were no OTTI during the years ended December 31, 2015 and 2014.

Corporate Debt Securities

The Company determines its best estimate of projected cash flows and develops these estimates on a security by security basis using information based on market observable data, issuer specific information, and available cash flow information. The Company develops its default assumption by using credit rating data and average historical spreads obtained from observable indices.

The Company uses credit ratings as an indicator of the credit quality of fixed maturity issuers, the relative likelihood that the issue may default, and issuer specific current news and other information available in the public domain. The Company identifies the securities that are investment grade and the Company generally expects to recover the entire amortized cost basis of all securities that are investment grade. The Company generally considered any fixed maturity security with an Aaa to Baa rating (Moody's) and with an AAA to BBB rating (S&P) as investment grade. There were no OTTI during the years ended December 31, 2015 and 2014.

Mortgage-Backed and Asset-Backed Securities

For Mortgage-backed Securities, credit impairment is assessed using a similar approach to corporate debt securities. The Company identifies the securities that are investment grade and the Company generally expects to recover the entire amortized cost basis of all securities that are investment grade, in the absence of any issuer specific negative information. The securities that fall below investment grade are analyzed further to calculate the credit and non-credit loss components. The Company determines its best estimate of projected cash flows and develops these estimates on a security by security basis. The Company recorded gross OTTI, all of which was attributable to credit loss for mortgage-backed securities, was de minimis in 2015 and 2014.

Equities

As described in Note 2, declines in the fair value of equity securities are evaluated by management for OTTI. The Company's intent and ability to retain the investment for a period of time sufficient for the anticipated recovery is not absolute. The Company has granted the authority to its Investment Managers and does not direct the Managers' decision making. As a result, the Company considers any equity security in a loss position to be OTTI.

Other Investments

Within the Company's fixed maturity portfolio, the exposure to subprime and Alt-A Mortgage-backed securities as of December 31, 2015 and 2014 is as follows:

ESTIMATED FAIR VALUE	*(In thousands of U.S. Dollars)*	
	2015	**2014**
Alt-A Residential Mortgage-backed—Investment Grade	$ 79	$ 82
Subprime Residential Mortgage-backed—Investment Grade	114	1,054
Subprime Residential Mortgage-backed—Below Investment Grade	4,721	4,746
	$4,914	$5,882

The Company participates in a securities lending program managed by Northern Trust. The Company receives a fee from Northern Trust for the lending of securities that is shown in the Investment income, net component of the Statements of Operations and Comprehensive Earnings (Loss). As a requirement of the lending program, the borrower of securities must pledge collateral in excess of 100% of the value of the loaned securities to Northern Trust. The loaned securities are reclassified to securities pledged to creditors. Cash received as collateral is invested in high-quality, short-term instruments and recorded in the Consolidated Balance Sheet as an investment at estimated fair value. Non-cash collateral is not recorded in the balance sheets, since "effective control" criteria are not met. A rate of interest termed the "Rebate" is guaranteed to the securities borrower for the cash collateral and the Company earns a profit through the retention of any investment returns earned on the cash collateral in excess of the rebate guarantees. While the securities lending activities are fully collateralized, market risk arises from the possibility that a borrower of securities may be unable to return the securities if a sudden material change in the market occurs. There is minimal credit risk from the failure of counterparties to perform, since the Company receives collateral in excess of 100% of the value of the loaned securities, and losses stemming from the borrower's failure to return securities are fully indemnified by Northern Trust. There were securities with a market value of $0 on loan under the program at December 31, 2015 and 2014, as the Company actively works to close the securities lending program at the end of each year. Income earned for securities lending was $602,000 and $960,000 at December 31, 2015 and 2014, respectively.

4. FAIR VALUE MEASUREMENTS AND DERIVATIVES

The Company follows ASC Topic 820, *Fair Value Measurements*, for financial assets and financial liabilities measured at fair value. The Standard defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements about fair value. The Standard also established a hierarchy that prioritizes the input used to measure fair value into three levels.

In accordance with ASC Topic 820, assets and liabilities recorded at fair value are categorized based upon a fair value hierarchy:

- Level 1—inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2—inputs utilize other than quoted prices included in Level 1 that are observable for similar assets, either directly or indirectly.
- Level 3—inputs are unobservable for the asset, and include situations where there is little, if any, market activity for the asset.

The following table summarizes the Company's financial assets and financial liabilities measured at fair value at December 31, 2015:

(In thousands of U.S. Dollars)	Fair Value Measurements as of December 31, 2015				Changes in Fair Values for the Year Ended December 31, 2015, for Items Measured at Fair Value Pursuant to Election of the Fair Value Option	
	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**	**Total Assets/ Liabilities Measured at Fair Value**	**Other net realized investment gains (losses)**	**Investment Income (Loss)**
Assets:						
Fixed Maturities:						
U.S. government obligations	$ –	$ 357,070	$ –	$ 357,070	$ (6,540)	$ (979)
Foreign government obligations	–	96,421	–	96,421	(4,230)	(792)
Obligations of state and political subdivisions	–	7,699	–	7,699	(531)	(19)
Corporate debt securities	1,453	864,822	560	866,835	(16,992)	(5,145)
Mortgage- and asset-backed securities	–	262,183	–	262,183	(2,937)	(3,871)
Other debt securities	–	46,054	–	46,054	(251)	(32)
Total debt securities	$ 1,453	$1,634,249	$ 560	$1,636,262	$ (31,481)	$(10,838)
Equities	$2,006,500	$ 1,363	$ 25,776	$2,033,639	$ (84,363)	$ –
Short-term securities[1]	–	33,147	–	33,147	(15)	(64)
Alternative investments:						
Hedge Funds	–	311,212	3,688	314,900	–	–
Real Estate	–	152,181	74,810	226,991	–	–
Private Equity	–	–	227,329	227,329	–	–
Foreign currency forward contracts	–	57,184	–	57,184	–	–
Total Assets	$2,007,953	$2,189,336	$332,163	$4,529,452	$(115,859)	$(10,902)
Liabilities:						
Futures	413	–	–	413	–	–
Foreign currency forward contracts	–	57,092	–	57,092	–	–
Total Liabilities	$ 413	$ 57,092	$ –	$ 57,505	$ –	$ –

1) Short-term securities presented in the table above exclude short-term investments (e.g., time deposits, certain money market funds) of $138,646 which are not measured at fair value.

The following table summarizes the Company's financial assets and financial liabilities measured at fair value at December 31, 2014:

(In thousands of U.S. Dollars)	Fair Value Measurements as of December 31, 2014				Changes in Fair Values for the Year Ended December 31, 2014, for Items Measured at Fair Value Pursuant to Election of the Fair Value Option	
	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Other Unobservable Inputs (Level 3)**	**Total Assets/ Liabilities Measured at Fair Value**	**Other net realized investment gains (losses)**	**Investment Income (Loss)**
Assets:						
Fixed Maturities:						
U.S. government obligations	$ –	$ 356,570	$ –	$ 356,570	$ 10,465	$ (765)
Foreign government obligations	–	100,308	–	100,308	4,254	(1,385)
Obligations of state and political subdivisions	–	10,729	–	10,729	1,015	(32)
Corporate debt securities	4,063	852,249	409	856,721	7,892	(5,934)
Mortgage- and asset-backed securities	–	250,296	–	250,296	4,934	(5,183)
Other debt securities	–	51,701	–	51,701	950	(26)
Total debt securities	$ 4,063	$1,621,853	$ 409	$1,626,325	$ 29,510	$(13,325)
Equities	$2,231,039	$ –	$ 31,682	$2,262,721	$(37,490)	$ –
Short-term securities[1]	–	41,944	–	41,944	(21)	(362)
Alternative investments:						
Hedge Funds	–	285,677	4,910	290,588	–	–
Real Estate	–	164,112	52,890	217,002	–	–
Private Equity	–	–	247,013	247,013	–	–
Foreign currency forward contracts	–	76,373	–	76,373	–	–
Total Assets	$2,235,102	$2,189,959	$336,904	$4,761,966	$ (8,001)	$(13,687)
Liabilities:						
Futures	220	–	–	220	–	–
Foreign currency forward contracts	–	74,334	–	74,334	–	–
Total Liabilities	$ 220	$ 74,334	$ –	$ 74,554	$ –	$ –

1) Short-term securities presented in the table above exclude short-term investments (e.g., time deposits, certain money market funds) of $372,933 which are not measured at fair value.

For marketable securities, the Company utilizes the services of its primary custodian to assist in the pricing of securities for the purposes of assessing fair value. The custodian collects various price types from its pricing providers. Price types include close of business, last traded, and mid-price. The prices are typically on a close of business basis; preferred price types are based on market convention. In most markets, this translates to a "last trade" price. In the event an asset does not receive its preferred price type, the custodian will consider the next highest price type received that exists in the price type hierarchy.

As is the case with all of the Company's held assets, the custodian strives to independently price as many assets as possible. For listed securities, their pricing providers deliver exchange closing prices each day. For those securities that trade over the counter, their pricing providers deliver evaluations (good faith opinion as to what a buyer in the marketplace would pay for a security – typically in an institutional round lot – in a current sale), based on broker quotes. Depending on the type of asset, those quotes or models may include inputs as supplied by the custodian for the individual issues.

Securities classified as Level 1 consist of actively traded, exchange listed U.S. and international equities, "Futures" and "Corporate Debt Securities." Valuation is based on unadjusted quoted prices for identical assets in active markets.

Securities classified as Level 2 consist of "Fixed Maturity Securities," "Short-Term Securities," "Alternative Investments," "Foreign Currency Forward Contracts," and "Covered Call Options." The market approach is used to price the Company's U.S. and foreign government obligations, and the primary inputs include bid and offer quotes from market makers or inter-dealer brokers. The Company's "Obligation of State and Political Subdivision" securities are priced using the matrix market approach where market information is used to derive a price based on similar securities. The primary inputs are spread benchmark curves, prepayment speeds, or spreads and quotes. The Company's "Corporate Debt Securities" are generally priced using the market approach and the primary inputs include U.S. Treasury curve, benchmark issues and spreads above benchmarks from market sources. "Mortgage- and Asset-backed Securities" and "Other Debt Securities" prices are derived using a combination of matrix market approach and discounted cash flow income approach. The primary inputs include discount rates obtained from benchmark yield curves and discount margins, dealer quotes, spreads and prepayment speeds from market participants and benchmark quotes from dealers. The "Short Term Securities" consist of U.S. government and corporate debt securities. The "Foreign Currency Forward Contracts" are priced by the FX forward rate. Discounts and premiums are taken from various sources to calculate the FX forward rate, which are added directly to the spot rate. The valuation of the "Hedge Funds" and the "Real Estate Funds" is based on the Company's proportionate interest in the underlying funds' net asset value, which approximates fair value. The investments in funds classified as Level 2 are redeemable either on the quarter with notice or with 90 days' notice.

Securities classified as Level 3 consist of "Foreign Government Obligations," "Corporate Debt Securities," "Equities" and "Alternative Investments." Generally, the market approach is used to price the Company's Corporate Debt Securities and Foreign Government Obligations, and the primary inputs include bid and offer quotes from brokers. "Equities" primarily consists of the Company's investment in a high income real estate fund whose fair value contains significant unobservable inputs. The valuation of the Hedge Funds, Real Estate Funds and Private Equity Funds are based on the Company's proportionate interest in the underlying funds' net asset value, which approximates fair value. The Real Estate funds are not subject to redemption, and it is estimated that the investments will be liquidated in approximately one to seven years. The investment in the private equity funds are not subject to redemption and typically returned through distributions. It is estimated that the investments will be liquidated in approximately five to ten years.

The following table summarizes the change in fair value of Level 3 assets for the year ended December 31, 2015:

(In thousands of U.S. Dollars)	Balance as of December 31, 2014	Net Gain (Loss)	Net Income (Loss)[1]	OCI on Statement of Financial Position	Purchases and Issuances	Sales and Settlements	Net Transfers in and/or out of Level 3	Balance as of December 31, 2015	Total losses included in Net Gain (Loss) for instruments held at December 31, 2015
Foreign Government	$ –	–	–	–	–	–	–	$ –	$ –
Corporate debt securities	$ 409	(179)	(3)	–	444	(111)	–	$ 560	$ (37)
Equities	$ 31,682	1,139	–	(2,385)	1,624	(6,525)	241	$ 25,776	$ (472)
Alternative Investments[2]									
Hedge Fund	$ 4,910	–	217	–	–	(1,439)	–	$ 3,688	$ –
Real Estate	$ 52,890	–	5,154	–	20,259	(3,493)	–	$ 74,810	$ (510)
Private Equity	$247,013	–	28,178	–	20,918	(68,780))	–	$227,329	$(6,904)

1) Amortization of premium/discount is included within net income (loss).

2) Amount presented in purchases, sales, issuances, and settlements for alternative investments represents contributions and distributions to and from the investments in private equity, real estate, and hedge funds.

The following table summarizes the change in fair value of Level 3 assets for the year ended December 31, 2014:

(In thousands of U.S. Dollars)	Balance as of December 31, 2013	Net Gain (Loss)	Net Income (Loss)[1]	OCI on Statement of Financial Position	Purchases and Issuances	Sales and Settlements	Net Transfers in and/or out of Level 3	Balance as of December 31, 2014	Total losses included in Net Gain (Loss) for instruments held at December 31, 2014
Foreign Government	$ 21,908	287	(94)	(3,659)	6,003	(15,978)	(8,467)	$ –	$ –
Corporate debt securities	$ 6,798	881	(225)	-	-	(1,891)	(5,154)	$ 409	$ –
Equities	$ 39,676	1,493	-	-	-	(10,182)	695	$ 31,682	$ (6)
Alternative Investments[2]									
Hedge Fund	$ 6,756	-	777	-	-	(2,623)	-	$ 4,910	$ (977)
Real Estate	$ 51,979	-	6,556	-	4,390	(10,035)	-	$ 52,890	$ –
Private Equity	$224,906	-	32,102	-	46,853	(56,848)	-	$247,013	$(3,713)

1) Amortization of premium/discount is included within net income (loss).

2) Amount presented in purchases, sales, issuances and settlements for alternative investments represents contributions and distributions to and from the investments in private equity, real estate and hedge funds.

If the inputs used to measure the financial instrument fall within different levels of the hierarchy, the categorization is based on the lowest level that is significant to the fair value measurement of the instrument. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the asset.

Both observable and unobservable inputs may be used to determine the fair value of positions that the Company has classified within the Level 3 category. As a result, the unrealized gains and losses for invested assets within the Level 3 category presented in the tables above may include changes in fair value that are attributed to both observable (e.g., changes in market interest rates) and unobservable (e.g., cash flow projections) inputs.

Certain short-term investments do not qualify as securities and are recognized at amortized cost in the Consolidated Balance Sheets. For these instruments, the Company believes that there is minimal risk of material changes in interest rates or credit of the issuer such that estimated fair value approximates carrying value. The Company monitors its short-term investments to ensure there is sufficient demand and issuer credit quality has been maintained. Short-term investments that meet the definition of a security are recognized at estimated fair value in the Consolidated Balance Sheets in the same manner described above for similar instruments that are classified within captions of other major investment classes.

Derivative Instruments

The Company uses derivatives in the normal course of business, primarily in an attempt to reduce its exposure to market risks (principally interest rate risk, equity stock price risk, and foreign currency risk) stemming from various assets and liabilities. The Company's principle objective under such risk strategies is to achieve the desired reduction in economic risk. The Company does not apply hedge accounting treatment for any of its derivative instruments.

Gains and losses on derivatives are recorded in Investment income, net as follows:

GAINS (LOSSES) *(In thousands of U.S. Dollars)*	2015	2014
Futures	$4,355	$11,611
Foreign exchange forwards	589	8,181
Other	1,024	67
	$5,968	$19,859

Foreign exchange forwards

The Company uses foreign currency forward contracts to limit the impact of currency fluctuations and exchange rate exposure of future sales and purchases of foreign securities. Foreign currency forward contracts are not used to leverage portfolios or for any speculative purpose.

Futures

The Company uses futures contracts to manage equity and U.S. Treasury security exposures pursuant to the Company's Investment Policy. Futures contracts are not used to leverage portfolios or for any speculative purpose. Total notional exposure to U.S. Treasury securities and equity indices through futures contracts totaled $43,761,000 and $7,988,000 at December 31, 2015 and 2014, respectively. The Company recorded a payable of approximately ($412,800) and ($220,000) at December 31, 2015 and 2014, respectively.

Other

The Company entered into various covered call option contracts, which earn a guaranteed premium while limiting upside potential at a defined level, at times when the equity market appears fully valued. The Company uses this strategy to minimize its exposure to volatility in the equity market.

The Company uses deferred settlement mortgages as a cost efficient way to invest in mortgage-backed securities. In this approach, the investor accepts delayed settlement on the purchase of mortgage-backed securities in return for a modest reduction in the price paid for those mortgage-backed securities. The price differential is directly related to the fact that the investor does not enjoy the higher yield typically offered by mortgage-backed securities relative to the interest rate earned on cash equivalents held for the period between normal settlement and the agreed upon deferred settlement. At December 31, 2015 and 2014, these securities had an amortized cost of $48,476,000 and $76,829,000, respectively. At December 31, 2015 and 2014, these securities had a fair value of $48,398,000 and $76,843,000, respectively. The net of these amounts are included in fixed maturities on the Company's Consolidated Balance Sheets. Gains and losses on deferred settlement mortgages were immaterial to the financial statements during the years ended December 31, 2015 and 2014.

5. LINE OF CREDIT

The Company has a $50 million uncommitted line of credit with its investment custodian at December 31, 2015 and December 31, 2014, effective during the period from May 1 thru January 31, with a provision for increase to $100 million annually during the period of February 1 thru April 30. Under the arrangement, the investment custodian has agreed to review the Company's Consolidated Financial Statements on a regular basis so that the Company may borrow funds for general corporate purposes or place letters of credit without the normal lengthy credit review process. The uncommitted nature of the line provides the investment custodian the flexibility to deny use of this line if it is so inclined. In 2015 and 2014, the Company borrowed and repaid $70 million and $90 million against the Line of Credit, respectively.

6. RESERVE FUND, ESCROW DEPOSIT, AND TRUST ASSETS

The Company is required to maintain assets on deposit with various regulatory authorities to support insurance and reinsurance operations. These requirements are generally promulgated in the statutory regulations of the individual jurisdictions. The assets on deposit are available to settle insurance and reinsurance liabilities. Under the Incorporating Act of Bermuda, the Company must, at all times, maintain a reserve fund. At December 31, 2015 and 2014, the reserve fund was $250,000. In addition, the Company is required to maintain a $750,000 escrow deposit (restricted cash) in connection with being licensed in the State of Delaware. In lieu of the escrow deposit, a $750,000 letter of credit has been established to comply with the State of Delaware licensing requirement. Distributions to policyholders may not be declared out of either of these sources. The Company established a trust held by its custodian, Northern Trust, with certain investments, in the event of default of its reinsurance obligation with Energy Insurance Mutual Limited (EIM). The Company is required to maintain sufficient funds to cover 102% of reserves for claims including claim losses, loss expenses, and unearned premium under its reinsurance agreement with EIM. At December 31, 2015 and 2014, assets held in trust that are required to satisfy claim liabilities with EIM were approximately $62 million and $68 million, respectively, and are included in equity securities, at fair value on the balance sheets.

7. RETROSPECTIVE PREMIUM ADJUSTMENT

Upon the sole discretion of the Board of Directors, the Company can call upon the Members for payment of proportionate retrospective premium adjustments, in whole or in part, to cover losses and the related costs incurred by the Company with respect to a policy year to which they have subscribed.

Each Member insured is contingently liable to the Company for retrospective premium adjustments based on losses occurring in each year. Under the Primary, Accidental Outage, Excess programs, and inclusive of Builders' Risk, the maximum adjustment is equal to ten times annualized policy premiums.

The liability of the Members for the retrospective premium adjustment for any policy year ceases six years after the end of that policy year, unless prior demand has been made. If a Member terminates its relationship with NEIL, it will still retain its obligation to respond to a retrospective premium call by the Company pursuant to the terms of any nuclear insurance policy that Member had with NEIL or ONEIL prior to termination.

The maximum potential retrospective premiums, which could be demanded by the Company as of December 31, from the Members of each program, with respect to the current policy year, comprise:

(In thousands of U.S. Dollars)

	2015	2014
Primary	$1,896,144	$1,684,050
Accidental Outage	581,981	512,975
Excess	263,392	264,115
	$2,741,517	$2,461,140

The Company requires its Members to maintain an investment grade credit rating or to take certain specified actions to ensure collectability of their retrospective premiums. All non-investment grade and unrated Members are required to provide security for their retrospective premium obligations in the form of one of the following mechanisms: Financial Guarantee, Letter of Credit, Deposit Premium, or Retrospective Premium Insurance. In 2015 and 2014, the retrospective premiums for non-investment grade Members represented 9.98% and 8.13% of the total, respectively. Management believes that it is unlikely that any retrospective premium adjustments will be required for policies whose terms have expired. No retrospective premium adjustments were required for the years ended December 31, 2015 and 2014.

8. REINSURANCE

In the normal course of business, the Company seeks to reduce its exposure to losses that may arise by reinsuring certain levels of risk with other insurance enterprises or reinsurers. Such reinsurance does not relieve the Company from its obligations to policyholders. With respect to the Accidental Outage and Primary programs, the Company purchases $200 million of all-risk coverage (excluding nuclear peril) in excess of $400 million for combined property and accidental outage losses, with an April 1 renewal date. Coverage under the Excess program is obtained as a single layer, $1.25 billion in excess of $750 million in 2015 and $875 million in 2014, per site. Coverage on Builders' Risk consists of reinsurance participation at various attachment points, with or without nuclear exposure. Coverage under the Excess Non-nuclear program is obtained in a single layer, $625 million in excess of $1.5 billion per occurrence.

The Company assumed reinsurance from non-affiliated entities for up to approximately $200,000,000 per occurrence at December 31, 2015 and 2014. The risks are primarily property and liability for facilities involved in the nuclear industry as well as risks that are similar to the Company's direct business. Assumed premiums written in connection with these agreements in 2015 and 2014 were $35,586,000 and $29,630,000, respectively. Assumed premiums earned in connection with these agreements were $33,539,000 in 2015 and $29,948,000 in 2014.

The Company assumed reinsurance for the conventional property programs of its Members. Such assumed reinsurance was written on a quota share basis and the maximum limit was approximately $300,000,000 per occurrence. Premiums written in connection with this agreement in 2015 and 2014 were $19,468,000 and $20,237,000, respectively. Premiums earned in connection with this agreement were $18,101,000 in 2015 and $20,797,000 in 2014.

The effects of reinsurance on premiums written and earned in 2015 are as follows:

(In thousands of U.S. Dollars)

	Written	Earned
Direct	$224,567	$228,213
Assumed	55,054	51,639
Ceded	(58,606)	(63,925)
Net	$221,015	$215,927

The effects of reinsurance on premiums written and earned in 2014 are as follows:

(In thousands of U.S. Dollars)

	Written	Earned
Direct	$234,719	$232,078
Assumed	49,866	50,744
Ceded	(57,585)	(66,257)
Net	$227,000	$216,565

9. UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

(In thousands of U.S. Dollars)

	2015	2014
Gross Balance at January 1	$ 542,497	$ 364,536
Less: reinsurance recoverables	–	–
Net Balance at January 1	542,497	364,536
Incurred related to:		
Current year	101,593	100,112
Prior years	170,296	197,816
Total—incurred	$ 271,889	$ 297,928
Paid related to:		
Current year	(276)	(760)
Prior years	(476,820)	(119,207)
Total—paid	$(477,096)	$(119,967)
Effects of foreign exchange rates	(4,685)	–
Net Balance at December 31	$ 332,605	$ 542,497
Plus: reinsurance recoverables	2,224	–
Gross Balance at December 31	$ 334,829	$ 542,497

The loss and loss adjustment expenses above include losses on both direct insured and direct and assumed reinsurance business. Based on the Company's current loss reserve position, no losses were ceded to reinsurers during the 2015 and 2014 calendar years, with respect to any claims for which coverage and reserve determinations have been made. Loss and loss adjustment expenses for the current year were $101,593,000 as compared with $100,112,000 in 2014. Reserve development on prior accident year losses was $170,296,000 and $197,816,000 for 2015 and 2014, respectively, reflecting the re-estimation and settlement of prior year claims after receiving additional information. Loss payments were $477,096,000 and $119,967,000 for 2015 and 2014, respectively. Loss payments made in 2015 included the settlement of certain large losses.

In August 2014, a Member filed Property Damage and Accidental Outage claims related to an event which resulted in significant damage to the turbine generator of one unit at its four unit site. The unit was in normal operation when the oil level in the lube oil reservoir for the turbine-generator began to decrease rapidly. A Low-Level alarm was received, followed moments later by a Low-Low Level alarm, which resulted in a turbine trip and a reactor scram. Oil continued to drain from the lube oil reservoir resulting in the turbine-generator coasting down without lubrication. Investigation revealed that a normally locked drain valve at the bottom of the lube oil reservoir had been opened allowing the oil to drain to a remote holding tank. The lock on the drain valve had been removed, and the handle on the valve had been loosened and repositioned to make it appear that the valve was still closed. This event appears to be the result of an intentional act of sabotage, which is the subject of an ongoing criminal investigation.

The Member maintains Property insurance through the Company to a maximum of $2.75 billion ($1.5 billion Non-Nuclear limit of liability), with a $5 million deductible. The Member also maintains a separate Accidental Outage policy with the Company whereby, after a 20-week deductible period, the Member is entitled to weekly payments of $3.5 million per week, for the first 52 weeks following the deductible period. After the initial 52 weeks of indemnity, the policy pays $2.8 million per week for up to an additional 110 weeks to a total policy limit of $490.0 million ($327.6 million Non-Nuclear Limit of Liability). Repairs were completed and the unit returned to operation several days before expiration of the deductible period.

Partial payments totaling $23 million have been made to date. Some temporary repairs were made to enable the unit to return to service and the permanent repairs will be completed at the next scheduled outage. Final settlement will not occur until the permanent repairs are made during an outage scheduled for early 2017.

In March 2013, a Member notified the Company of a potential claim resulting from an incident that occurred while replacing a main generator stator. During a scheduled refueling outage in which the generator stator was being moved out of the turbine building for replacement with a refurbished spare, the stator, weighing approximately 500 tons, was being moved using a specially designed lifting apparatus. A failure of the lifting rig equipment resulted in the stator being dropped from the turbine deck to ground level in the rail bay, a distance of approximately 35 feet. The falling stator and lifting equipment caused significant damage to equipment in the turbine building and structural damage to the building itself.

The Member maintains Property insurance through the Company to a maximum of $1.6 billion, with a $2.5 million deductible. The policy contains a $50 million Course of Construction sublimit, which the Company views as the limit of its exposure to this claim. The Company has paid a total of $50 million and has notified the Member that it considers the claim to be paid in full based on the Course of Construction Sublimit. The Member disagrees that the sublimit should apply and there are differences of opinion regarding other coverage for aspects of this claim. Discussions continue with the Member on possible methods to resolve the dispute. At the request of the Member, all the matters concerning this claim have been put on hold until March 31, 2017.

In December 2011, a Member notified the Company of potential Property Damage and Accidental Outage claims resulting from flooding of the Missouri River that occurred on the site in 2011. The station was in the latter stages of a scheduled refueling outage when it began staging flood mitigation equipment in anticipation of high water levels. In accordance with procedures, the plant remained in Cold Shutdown due to the elevated water levels. The plant site was flooded from early June to late August 2011. The Property and Accidental Outage claims associated with the 2011 flooding event remain under review. The flood deductible under the property policy is $10 million plus 10% of the loss in excess of $10 million. The Accidental Outage deductible period is 12 weeks. The Company continues to work with the insured to understand the scope of the flood damage and associated time reasonably necessary to complete repairs.

The claims discussed above have been reserved accordingly in the Company's financial statements.

In January and March 2012, a Member filed Property Damage and Accidental Outage claims for excessive wear damage to steam generator tubes at both units of its two-unit plant. The damage was discovered following a steam generator tube leak at one unit, which prompted inspections at both units. The steam generators had recently been replaced and were put into service in 2010 at one unit, and 2011 at the other. On June 6, 2013, after completing a root cause analysis, the Member announced that it was permanently retiring both units rather than attempting to repair the steam generators. The Member publically disclosed that in October 2013, a formal request for binding arbitration was sent to the manufacturer seeking damages for all losses arising from the supply of faulty steam generators.

The Member maintains Property insurance through the Company to a maximum of $2.75 billion, with a $2.5 million deductible. The Member also maintains a separate Accidental Outage policy with the company whereby, after a 12-week deductible period, the Member is entitled to weekly payments of $3.5 million per week, for the first 52 weeks following the deductible period. After the initial 52 weeks of indemnity, the policy pays $2.8 million per week for up to an additional 110 weeks, to a total policy limit of $490 million. In addition, recovery is reduced to 10% of the stated weekly indemnity at the permanent shutdown date.

Following extensive investigation and disagreement about the extent of coverage under the policies, in 2015 the parties agreed to enter into a confidential non-binding mediation process, which culminated in the Company and the Member reaching a resolution of the Member's coverage claims through the mediation process in October 2015. Under the terms agreed to, the Company settled all claims for a total of $400 million, to be allocated to the Accidental Outage policy.

In January 2013, a Member notified the Company of potential claims resulting from a main generator step-up transformer failure followed by a plant trip and a partial loss of offsite power. Following the turbine trip, the emergency lubricating oil pump began supplying oil to the turbine generator, but after approximately 10 minutes, the pump tripped allowing the unit to coast down without lubrication. Damage occurred along the entire turbine generator shaft line impacting most bearings, gland seals, and rotating and stationary components of the HP and LP turbines.

The Member filed Property Damage and Accidental Outage claims for all damages occurring following the transformer failure. The Member maintains Property insurance through the Company to a maximum of $2.75 billion, with a $2.5 million deductible. The Member also maintains a separate Accidental Outage policy with the company whereby, after a 23-week deductible period, the Member is entitled to weekly payments of $3.5 million per week, for the first 52 weeks following the deductible period. After the initial 52 weeks of indemnity, the policy pays $2.8 million per week for up to an additional 104 weeks, to a total policy limit of $473.2 million.

The failed transformer was replaced with an on-site spare, repair to the damaged turbine generator components were completed, and the unit was returned to service several weeks before the expiration of the Accidental Outage deductible period. As a result, the Accidental Outage claim was withdrawn. Investigation and adjustment of the Property damage claim resulted in partial payments in 2013 and 2014, and a final payment was made in September 2015 in full and final settlement. Total paid under the Property damage claim was $42.3 million.

Of the $271,889,000 and $297,928,000 in Loss and Loss Adjustment Expenses incurred during 2015 and 2014 respectively, $218,110,000 and $262,200,000 of expense in 2015 and 2014, respectively, relate to the Company's Member Nuclear policies. The significant majority of the Member Nuclear losses are associated with reserves for the large claim events described above. In addition, Conventional and Non-Member assumed business reflected new claims activity for the Company's participation in reinsurance programs, as well as unfavorable reserve adjustments for prior accident year claims.

While the Company has used its best judgment and the most current information available in recording the reserves, there is significant uncertainty in estimation of the ultimate claims. New information may lead to future developments in ultimate losses and loss expenses that are significantly greater or less than the reserves provided. Any such revision could result in future changes in estimates of losses or reinsurance recoverable, and would be reflected in the Company's results of operations in the period in which the estimates are changed.

10. INCOME TAXES

Bermuda presently imposes no income, withholding or capital gains taxes, and the Company is exempted until March 2035 from any such taxes pursuant to the Bermuda Exempted Undertakings Tax Protection Act 1966, Amendment Act 1973. The Company made an election pursuant to Internal Revenue Code Section 953(d) to be taxed as a U.S. domestic corporation.

The expense (benefit) for U.S. federal income tax is comprised of the following:

(In thousands of U.S. Dollars)

	2015	2014
Current	$ 10,552	$22,334
Deferred	(23,373)	13,686
Total	$(12,821)	$36,020

The components of the net deferred tax liability as of December 31, 2015 and 2014 are as follows:

(In thousands of U.S. Dollars)

	2015	2014
Unearned premium reserve	$ 5,443	$ 5,637
Loss reserve discount	9,846	16,243
Alternative investments	–	349
Investment impairments	25,225	25,779
Deferred expenses	11,878	12,241
ONEIL operating loss and other, net	1,261	179
Total deferred tax assets	53,653	60,429
Deferred acquisition costs	(386)	(312)
Alternative investments	(12,425)	–
Bond amortization	(1,801)	(2,671)
Unrealized investment gains/losses	(253,213)	(305,999)
Gain/losses on fair value option securities	(34,226)	(74,489)
Total deferred tax liabilities	(302,051)	(383,471)
Net deferred tax liability	$(248,398)	$(323,042)

There was no valuation allowance recorded against the deferred tax assets at December 31, 2015 and 2014, as the Company believes it is more likely than not that the deferred tax assets would be realized.

A roll forward of the income tax receivable (payable) for the year ended December 31, 2015 and 2014 are as follows:

(In thousands of U.S. Dollars)

	2015	2014
Current tax (payable) receivable, January 1	$ (8,624)	$ 13,101
Current tax expense	(10,552)	(22,334)
Estimated payment	19,325	610
Other	1	(1)
	$ 150	$ (8,624)

The provision for income taxes was determined by applying the 35% U.S. statutory federal tax rate to pre-tax net income (loss) adjusted as follows:

(In thousands of U.S. Dollars)

	2015	2014
Earnings before income taxes	$(33,120)	$121,375
Dividends received deduction	(15,477)	(18,921)
Other, net	6,935	6,830
Tax-basis earnings	(41,662)	109,284
Tax rate	35%	35%
	$(14,582)	$ 38,249
Foreign tax credits	(4,117)	(3,566)
Other, net	5,878	1,337
Income tax expense	$(12,821)	$ 36,020

The Company determined that all tax positions have been accounted for within these Consolidated Financial Statements, and that all tax positions are more likely than not to be sustained in the event the Company was audited by the federal, state, and international tax authorities, and therefore, the Company does not have any unrecognized tax benefits as of December 31, 2015 and 2014.

The Company is subject to taxation in the U.S. and various states and foreign jurisdictions. The Internal Revenue Service ("IRS") audit for the 2005 through 2009 tax years has been finalized and closed. The results of this examination had no material effect on the Company's financial condition, results of operations, or cash flows. IRS statutes have expired for years 2006 and prior. The 2010 through 2014 tax years remain open.

11. COMMITMENTS AND CONTINGENCIES

As of December 31, 2015, the Company has committed to 83 private equity limited partnerships in the amount of $497,430,000. The unfunded portion of these commitments as of December 31, 2015 is $159,274,000 and is payable over the next three years. The Company has committed to eleven real estate partnerships in the amount of $358,107,000. The unfunded portion of these commitments as of December 31, 2015 is $35,153,000 payable over the next two years.

The Company leases office space under an operating lease, which expires September 2028. Future non-cancellable minimum rental commitments under the lease are as follows:

YEAR	*(In thousands of U.S. Dollars)*
2016	1,177
2017	1,291
2018	1,297
2019	1,292
2020	1,227
Years therafter	10,251
Total	$16,535

The Company is subject to certain legal proceedings and claims that arise in the normal course of business. In the opinion of management, the ultimate outcome of those actions will not have a material impact on the Company's Consolidated Financial Statements.

12. STATUTORY ACCOUNTING INFORMATION

Policyholders' Surplus and Earnings calculated in accordance with statutory accounting practices prescribed or permitted by the Insurance Department of the State of Delaware, differs from US GAAP in the reporting of investments, unsecured reinsurance recoverable amounts, fixed assets, deferred taxes, and certain other items. These differences include, but are not limited to, the investments in bonds, which the Company holds as available for sale and carries at amortized cost for statutory purposes, rather than at fair value; investments in common stocks, which are valued as prescribed by the Securities Valuation Office ("SVO") of the National Association of Insurance Commissioners ("the NAIC"); unsecured reinsurance amounts recoverable from unauthorized and certain authorized reinsurers, which are excluded from net assets by a direct charge to unassigned surplus; certain assets designated as non-admitted, which are excluded from the statutory statements of assets, liabilities, capital, and surplus by direct charge to unassigned surplus; and changes in deferred tax balances, which are recognized as a direct benefit or charge to unassigned surplus.

Differences in statutory Policyholders' Surplus from that shown on the Consolidated Balance Sheets at December 31, 2015 and 2014 are as follows:

(In thousands of U.S. Dollars)

	2015	2014
Statutory Policyholders' Surplus	$3,796,151	$3,882,063
Valuation of fixed maturities	36,676	66,194
Provision for Schedule F	8,190	10,178
Non-admitted assets	12,728	9,584
Miscellaneous	5,902	2,774
Total Policyholders' Surplus	$3,859,647	$3,970,793

Differences in statutory Net Earnings from that shown on the Consolidated Statements of Operations and Comprehensive Earnings (Loss) for the years ended December 31, 2015 and 2014 are as follows:

(In thousands of U.S. Dollars)

	2015	2014
Statutory net earnings	$ 22,608	$ 66,619
Deferred income taxes	22,842	(14,491)
Underwriting income	(8,897)	(944)
Investment income	(56,214)	33,196
Miscellaneous	(638)	975
Net Earnings	$(20,299)	$ 85,355

Nuclear Electric Insurance Limited (NEIL), located in Wilmington, Delaware, insures domestic and international nuclear utilities for the costs associated with accidental interruptions, damages, contamination and related nuclear risks. NEIL was founded in 1973 with the formation of Nuclear Mutual Limited (NML) in Bermuda. NML was formed by a group of U.S. electric utilities as an alternative to the commercial nuclear insurance market. NEIL was formed in 1980 to issue excess property and accidental outage policies to complement the policies being issued by NML. In 1988, both companies moved their operations from Bermuda to Wilmington, Delaware, and, in 1997, NML was merged into NEIL. In 1999, the Company expanded operations by launching Overseas NEIL Limited (ONEIL) in Dublin, Ireland.

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