

AM Best Affirms Credit Ratings of Nuclear Electric Insurance Limited and Subsidiary

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FOR IMMEDIATE RELEASE

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AM Best has affirmed the Financial Strength Rating (FSR) of A (Excellent) and the Long-Term Issuer Credit Rating (Long-Term ICR) of “a+” (Excellent) of Nuclear Electric Insurance Limited (NEIL) (Wilmington, DE) and its subsidiary, Cedar Hamilton Limited (Hamilton, Bermuda). The outlook of these Credit Ratings (ratings) is stable. Cedar Hamilton is a wholly owned subsidiary of NEIL and provides specialty lines capacity to NEIL’s members.

The ratings reflect NEIL’s balance sheet strength, which AM Best assesses as strongest, as well as its marginal operating performance, favorable business profile, and appropriate enterprise risk management. The ratings also acknowledge NEIL’s management culture and its exclusive leadership position in the U.S. nuclear power-generating industry. NEIL essentially underwrites the entire nuclear utility property insurance coverage in the United States. NEIL continues with its mission of maintaining the financial strength to cover two full-limit nuclear losses, while promoting industry risk management and safety practices.

Partially offsetting these positive rating factors are the company’s primary focus on property catastrophe risks and related business interruption claims, with the subsequent financial stress this could cause in the unlikely event of two full-limit losses. Despite recent positive results, the company remains exposed to volatility in underwriting results given the nature of the risks it insures and because of claims activity, given that it relies on one market and two principal product lines. However, these factors are inherent to captive mutual insurers focused on a particular niche market supported by its members. Nonetheless, NEIL designed its risk management program to manage risks within the company’s defined tolerance levels. NEIL also maintains a comprehensive loss prevention program, with a specialized, effective loss prevention department closely working with insured members to control losses. NEIL’s loss prevention effort is supported by a panel of employed and contract nuclear engineers.

The ratings also recognize NEIL's history of maintaining sufficient capital to support its ongoing obligations, which includes its financial flexibility to suspend policyholder distributions. NEIL also has the contractual right to assess a retrospective premium for 10 times each member's annualized premium, which strengthens the company's financial flexibility. To ensure that members' capitalization is adequate to support such an action, NEIL requires members to maintain an investment grade credit rating or provide collateral. This facility has never been used.

Key rating factors that could lead to a downgrade of the companies' ratings over the longer term include substantial increases in losses and significant erosion of capital or loss of members.

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

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