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NRC RECOMMENDS EXTENSION, MODIFICATION OF PRICE-ANDERSON ACT TO CONTINUE PUBLIC LIABILITY COVERAGE

The Nuclear Regulatory Commission has recommended a 10-year extension and some modifications to clarify the Federal law which provides for payment of public liability claims in case of a catastrophic accident involving a nuclear power plant.

The NRC's recommendations are contained in a report to Congress, which the agency was directed to provide this year when the statute, known as the Price-Anderson Act, was last renewed in 1988.

Price-Anderson provides for a two-layer compensation system to pay public liability claims. The first layer consists of \$200 million of insurance per reactor site currently available from the private insurance market. The second is provided by funds made available through an assessment on each licensed reactor of a prorated share not to exceed \$83.9 million per reactor per incident, as adjusted for inflation effective August 20. This program currently would make more than \$9 billion available to pay public liability claims if a severe accident were to occur.

In its report to Congress, the NRC recommends that:

- To cover any new plants that might be licensed, the Price-Anderson Act be extended for 10 years after the Commission's authority to enter into new indemnity agreements expires August 1, 2002. Plants now licensed continue to be indemnified even if the law is not renewed.
- The maximum a nuclear utility can be assessed per reactor per incident per year be doubled to \$20 million. This change would substantially increase the amount of funds available shortly after an accident. The total \$83.9 million retrospective premium would be unchanged.
- Congress investigate whether the \$200 million now available from the private insurance market for liability claims per reactor can be increased to keep pace with inflation.

- Congress consider clarifying its intent on some other issues, including: coverage for legal costs incurred by non-profit licensees; the prohibition on payment of punitive damages; jurisdiction of Indian tribal courts; and the effect of NRC regulation of selected Department of Energy activities.

In addition to these recommendations, the report to Congress also includes discussion of other issues, including the continuing need for the Price-Anderson Act, current knowledge of nuclear safety, and causality and proof of damages in administering the law.

Since the Price-Anderson system began in 1957, nuclear liability insurance pools have paid about \$131 million in claims and claims expenses. Of this amount, about \$70 million was paid in connection with the Three Mile Island accident in 1979.

The 152-page report containing these recommendations and conclusions is entitled The Price-Anderson Act -- Crossing the Bridge to the Next Century: A Report to Congress (NUREG/CR-6617). It will be available in a few weeks for purchase from the Government Printing Office or the NRC Public Document Room. The text also will be posted on the NRC's Internet web page at <http://www.nrc.gov/NRC/NUREGS/indexnum.html>.

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