

The Facility Worker Form for new workers is a Master Policy with a 5-year term that provides a single aggregate limit of liability. A Certificate of Insurance will be issued under each policy to every facility operator desiring to purchase the coverage. The Master Worker Policy issued by NELIA will have an aggregate limit of \$124 million; the MAELU limit will be \$36 million.

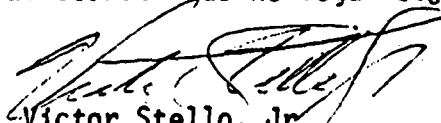
This modification of the Facility Form policies will not diminish either the coverage provided with respect to an extraordinary nuclear occurrence, or claims from members of the public under other circumstances. The change is confined to tort claims by on-site nuclear workers that arise from circumstances unrelated to an extraordinary nuclear occurrence. To reiterate, the supplemental insurance provided by the Facility Worker Form enhances protection for the public since payments under its provisions for routine claims by onsite workers will not reduce the financial protection for the public provided under the primary and secondary nuclear liability insurance policies. Conversely, payments under the primary and secondary policies will not operate to reduce the coverage under the Facility Worker Policy for routine claims by onsite workers.

Recommendation:

That the Commission:

1. Approve a notice of proposed rulemaking (see enclosure) that would publish proposed endorsements to the Facility Form nuclear liability insurance policy.
2. Note:
 - a. That the rulemaking will be published in the Federal Register for a 30-day public comment period;
 - b. That because this rule is the type of action described in the categorical exclusion in §51.22(c)(1) of the Commission's regulations neither an environmental impact statement nor an environmental assessment need be prepared in connection with the subject amendment;
 - c. That if no significant adverse comments are received on the notice, the proposed rule will be promulgated in effective form by the Executive Director for Operations.

Coordination: The Office of General Counsel has no legal objection.


Victor Stello, Jr.
Executive Director
for Operations

Enclosure:

1. Federal Register Notice

Commissioners' comments or consent should be provided directly to the Office of the Secretary by c.o.b. Wednesday, March 23, 1988.

Commission Staff Office comments, if any, should be submitted to the Commissioners NLT Wednesday, March 16, 1988, with an information copy to the Office of the Secretary. If the paper is of such a nature that it requires additional time for analytical review and comment, the Commissioners and the Secretariat should be apprised of when comments may be expected.

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NUCLEAR REGULATORY COMMISSION
[10 CFR PART 140]

FINANCIAL PROTECTION REQUIREMENTS AND
INDEMNITY AGREEMENTS

Miscellaneous Amendments.

AGENCY: U.S. Nuclear Regulatory Commission

ACTION: Proposed Rule

SUMMARY: The Nuclear Regulatory Commission is proposing to amend its regulations to make several minor changes in the Facility Form nuclear liability insurance policy furnished as evidence of financial protection.

DATE: Comments must be received by (30 days from the date of publication in the Federal Register).

ADDRESSES: Written comments or suggestions should be sent to: Secretary, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, Attention: Docketing and Service Branch. Copies of comments received may be examined at the NRC Public Document Room at 1717 H Street, N.W., Washington, D.C.

FOR FURTHER INFORMATION: Dinitz, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, D.C. 20555, telephone (301) 492-1289.

SUPPLEMENTARY INFORMATION: The two nuclear insurance pools, Nuclear Energy Liability Insurance Association (NELIA) and Mutual Atomic Energy Liability Underwriters (MAELU) have submitted to the Commission endorsements to the Facility Form nuclear liability insurance policy and a new Facility Form Policy that they intend to make effective as of January 1, 1988. The Facility Form of insurance policy along with endorsements to these policies has been accepted by the Commission as evidence of the financial protection required under Section 170 of the Atomic Energy Act of 1954, as amended. From time to time modifications to the Facility Form have been required to reflect changes in the Price-Anderson Act. Endorsements, for example, have been added to the Facility Forms, among other things, to waive certain legal defenses against claims arising out of an extraordinary nuclear occurrence.

The evidence of financial protection accepted by the Commission assures the availability of funds to compensate the public for the financial consequences of a catastrophic nuclear accident.

To this end, the financial protection for the public comprises two layers:

- (1) Primary financial protection in the amount of \$160 million offered by licensees in the form of insurance provided by the Pools under Facility Forms, and
- (2) A second layer of financial protection provided to licensees that is based on the obligations of licensees to pay up to \$5 million in retrospective premiums for their prorata share of damages that exceeds the primary layer of financial protection. The total amount of coverage in this second layer based on retrospective premiums to be paid by power reactor licensees is \$555 million.

The Pools have informed the Commission of a modification in the manner in which coverage is to be made available to operators of nuclear reactors and others effective as of January 1, 1988. The modification does not diminish the coverage provided with respect to an extraordinary nuclear occurrence or for claims from members of the public under other circumstances. The change is confined to tort claims by onsite nuclear workers that arise from circumstances unrelated to an extraordinary nuclear occurrence. Financial protection must continue to include coverage for such claims by onsite workers and the revised program the Pools are making available does so by means of a new supplementary insurance policy for tort claims from onsite nuclear workers. The new Nuclear Energy Liability Policy (Facility Worker Form) will be effective as of January 1, 1988 and would be a part of the Facility Form policy. At its inception, the new Facility Worker Form will cover only the claims of onsite workers first employed in the nuclear industry on or after January 1, 1988 ("new workers"). Claims of all other workers ("old workers") will continue to be covered under present Facility Forms for ten more years, until December 31, 1997, at which time coverage for claims from old workers could be added to the new Facility Worker Form, or be otherwise insured.

Coverage for old workers will be changed by an endorsement to Facility Forms. One such endorsement (Form NE-64) is to be attached to all Facility Forms issued before January 1, 1988, and Form NE-66 is to be attached to all Facility Forms issued on and after that date. Both forms allow coverage under the Facility Forms to which they are attached to continue for claims made by old workers on or before December 31, 1997.

The Facility Worker Form is a Master Policy that provides a single aggregate limit of liability shared by insureds under all Certificates of Insurance issued to provide insurance under the Master Policy.

The Master Worker Policy that will be issued by the Pools provides a single aggregate liability limit and has been designed as a prototype for a longer term, perhaps continuous, replacement program based on experience. Because the new Master Worker Policy was designed as a prototype, a 5-year term was selected on the basis of negotiations between the Pools and their insureds. It is anticipated that before the Master Worker Policy expires, a renewal or replacement policy will be developed taking into account the additional recommendations of insureds and others. A Certificate of Insurance will be issued under each policy to every facility operator desiring to purchase the coverage. The Master Worker Policy issued by NELIA will have a Policy Aggregate Limit of \$124 million; the MAELU Policy Aggregate Limit will be \$36 million.

To minimize the need for Certificate holders to apply for reinstatement of the Policy Aggregate Limit as is required by the Commission, the Pools will automatically reinstate up to the limit of \$160 million. The policies can be further reinstated by agreement of the parties.

The supplementary insurance provided by the Facility Worker Form enhances protection for the public since payments under its provisions for routine claims by onsite nuclear workers will not reduce the financial protection for the public under the primary and secondary nuclear liability insurance policies provided as evidence of financial protection under the Price-Anderson Act. Conversely, payments under primary and secondary policies will not operate to reduce the coverage under the Facility Worker Form for routine claims by onsite workers.

It is important to note that the rating procedure applicable to reactors to reflect the risk of a catastrophic accident that presumably would result in a large number of offsite claims is not appropriate to the lesser, routine claims from onsite workers. The premium for the Facility Worker Form will be regulated by the "Industry Retrospective Rating Plan Premium Endorsement" (Form NE-W-1) which reflects the different kind of risk covered by the new policy.

The change in the insurance available from the Pools effective as of January 1, 1988 keeps intact the coverage that has been available to licensees with respect to claims from the public. By providing separate coverage for routine claims from new workers, and eventually from old workers as well, the protection provided to the public, to onsite workers, and to persons who may be liable is enhanced. The Facility Form has been accepted by the Commission as evidence of financial protection from licensees. The Facility Form, as modified by Forms NE-64 and NE-66, and the Facility Worker Form, with its accompanying Certificate of Insurance and premium endorsements, are acceptable to the Commission as evidence of financial protection required by the Price-Anderson Act.

Environmental Impact: Categorical Exclusion

The Commission has determined that this proposed rule is the type of action described as a categorical exclusion in 10 CFR 51.22(c)(1). Therefore, neither an environmental impact statement nor an environmental assessment has been prepared for this proposed rule.

Paperwork Reduction Act Statement

Pursuant to the provisions of the Paperwork Reduction Act of 1980 (Public Law 96-511), the NRC has made a preliminary determination that this proposed rule does not impose new reporting or recordkeeping requirements. The proposed rule has, nevertheless, been submitted to the Office of Management and Budget for its consideration of any potential for new reporting or recordkeeping requirements pursuant to Public Law 96-511.

Regulatory Flexibility Statement

In accordance with the Regulatory Flexibility Act of 1980 (5 U.S.C. 605(b)) the Commission hereby certifies that this rule, if promulgated, will not have a significant economic effect on a substantial number of small entities. This proposed rule applies only to nuclear power plant licensees which are electric utility companies dominant in their service areas. These licensees are not "small entities" as set forth in the Regulatory Flexibility Act and do not meet the standards set forth for small businesses in Small Business Administration regulations in 13 CFR Part 121.

List of Subjects in 10 CFR Part 140

Amounts and type of financial protection, proof of financial protection, indemnity agreements, extraordinary nuclear occurrence criteria, reporting and recordkeeping requirements.

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974, as amended, and Section 553 of Title 5 of the United States Code, notice is hereby given that the following amendments to Title 10, Chapter I, Part 140, Code of Federal Regulations, are contemplated.

PART 140 -- FINANCIAL PROTECTION REQUIREMENTS AND INDEMNITY AGREEMENTS

1. The authority citation for Part 140 continues to read as follows:
AUTHORITY: Secs. 161, 170, 68 Stat. 948, 71 Stat. 576, as amended (42 U.S.C. 2201, 2210); secs. 201, 202, 88 Stat. 1242, as amended, 1244 (42 U.S.C. 5841, 5842).

For the purposes of sec. 223, 68 Stat. 958, as amended (42 U.S.C. 2273); §§140.11(a), 140.12(a), 140.13 and 140.13a are issued under sec. 161b, 68 Stat. 948, as amended (42 U.S.C. 2201(b)); and §140.6 is issued under sec. 161o, 68 Stat. 950, as amended (42 U.S.C. 2201(o)).

2. Section 140.91, Appendix A, is amended by adding the following endorsements to read as follows:

NE-64 (1/1/88), Amendment of Coverage Endorsement for Workers' Claims
(Facility Form)

AMENDMENT OF COVERAGE ENDORSEMENT
FOR WORKERS CLAIMS

(Facility Form)

PREAMBLE

1. The insurance and rating plan presently used by Nuclear Energy Liability Insurance Association ("NELIA") and Mutual Atomic Energy Liability Underwriters ("MAELU") do not make a distinction between workers claims arising from catastrophic events and those arising from lesser events;
2. NELIA and MAELU believe that the lack of such a distinction will adversely affect their ability to continue to attract from world markets very large amounts of nuclear energy liability insurance for the nuclear industry;
3. NELIA and MAELU want to avoid this potential loss of capacity and to continue to provide nuclear energy liability insurance for workers claims. Accordingly NELIA and MAELU desire to restructure their present insurance programs, including this policy, effective January 1, 1988.

NOW, THEREFORE, the Named Insured and the companies do hereby agree as follows:

1. DEFINITIONS

When used in reference to this endorsement:

"this policy" means the policy of which this endorsement forms a part;

"nuclear related employment" means all work performed at one or more than one nuclear facility in the United States of America or in connection with the transportation of nuclear material to or from any such facility. All of a worker's nuclear related employment shall be considered as having begun on the first day of such employment, regardless of the number of employers involved or interruptions in such employment;

"worker" refers to a person who is or was engaged in nuclear related employment;

NE-64 (1/1/88)

"workers claims" means claims for damages because of bodily injury to a worker caused by the radioactive, toxic, explosive or other hazardous properties of nuclear material and arising out of or in the course of the worker's nuclear related employment;

"extraordinary nuclear occurrence" means an event which the United States Nuclear Regulatory Commission has determined to be an "extraordinary nuclear occurrence" as defined in the Atomic Energy Act of 1954, or in any law amendatory thereof.

2. APPLICATION OF THIS ENDORSEMENT

This endorsement applies only to such insurance as is afforded by this policy for workers claims which do not arise in whole or in part out of an extraordinary nuclear occurrence.

3. EXCLUSION OF NEW WORKERS CLAIMS

This policy does not apply to bodily injury to a worker which arises in whole or in part out of nuclear related employment that begins on or after January 1, 1988.

4. APPLICATION OF POLICY TO WORKERS CLAIMS NOT EXCLUDED

With respect to such insurance as is afforded by this policy for workers claims which are not excluded, Insuring Agreement IV does not apply and the following Insuring Agreement IV-A does apply:

IV-A APPLICATION OF POLICY TO WORKERS CLAIMS

This policy applies only to bodily injury (1) which is caused during the policy period by the nuclear energy hazard and (2) which is discovered and for which written claim is made against the insured not later than the close of December 31, 1997.

5. AVAILABILITY OF SUPPLEMENTAL INSURANCE

NELIA and MAELU are offering to make insurance under one or more Master Worker Policies available to all holders of Nuclear Energy Liability Policies (Facility Form). THIS OFFER IS CONTINGENT ON SUFFICIENT SUPPORT FROM POLICY HOLDERS, AND MAY BE WITHDRAWN OR MODIFIED BY NELIA OR MAELU AS THEY DEEM NECESSARY OR APPROPRIATE.

The Master Worker Policies will provide, under their separate terms and conditions, coverage for new workers claims. Premiums will be subject to a separate Industry Retrospective Rating Plan.

COVERAGE UNDER THE NEW MASTER WORKER POLICIES IS NOT AUTOMATIC. A WRITTEN REQUEST MUST BE SUBMITTED TO NELIA OR MAELU THROUGH REGULAR MARKET CHANNELS.

It is understood and agreed that all of the provisions of this endorsement shall remain in full force and effect without regard to this Section 5, and without regard to whether or not the Named Insureds become insureds under the Master Worker Policies, or whether or not NELIA or MAELU terminate such policies or withdraw or modify their offer to underwrite such policies.

Executed for the companies

Date _____ By _____
(Signature of Authorized Officer)

(Print or Type Name and Title of Officer)

Executed for the Named Insured

(Named Insured - Type or Print)

Date _____ By _____
(Signature of Authorized Officer)

(Print or Type Name and Title of Officer)

Effective Date of this Endorsement _____ To form a part of Policy No _____
12:01 A.M. Standard Time

Issued to _____

Date of Issue _____ For the subscribing companies

By _____
General Manager

Endorsement No _____ Countersigned by _____

AMENDMENT OF COVERAGE ENDORSEMENT
FOR WORKERS CLAIMS
(Facility Form)

It is agreed that:

1. DEFINITIONS

When used in reference to this endorsement:

"this policy" means the policy of which this endorsement forms a part;

"nuclear related employment" means all work performed at one or more than one nuclear facility in the United States of America or in connection with the transportation of nuclear material to or from any such facility. All of a worker's nuclear related employment shall be considered as having begun on the first day of such employment, regardless of the number of employers involved or interruptions in such employment;

"worker" refers to a person who is or was engaged in nuclear related employment;

"workers claims" means claims for damages because of bodily injury to a worker caused by the radioactive, toxic, explosive or other hazardous properties of nuclear material and arising out of or in the course of the worker's nuclear related employment;

"extraordinary nuclear occurrence" means an event which the United States Nuclear Regulatory Commission has determined to be an "extraordinary nuclear occurrence" as defined in the Atomic Energy Act of 1954, or in any law amendatory thereof.

2. APPLICATION OF THIS ENDORSEMENT

This endorsement applies only to such insurance as is afforded by this policy for workers claims which do not arise in whole or in part out of an extraordinary nuclear occurrence.

3. EXCLUSION OF NEW WORKERS CLAIMS

This policy does not apply to bodily injury to a worker which arises in whole or in part out of nuclear related employment that begins on or after January 1, 1988.

4. APPLICATION OF POLICY TO WORKERS CLAIMS NOT EXCLUDED

With respect to such insurance as is afforded by this policy for workers claims which are not excluded, Insuring Agreement IV does not apply and the following Insuring Agreement IV-A does apply:

IV-A APPLICATION OF POLICY TO WORKERS CLAIMS

This policy applies only to bodily injury (1) which is caused during the policy period by the nuclear energy hazard and (2) which is discovered and for which written claim is made against the insured not later than the close of December 31, 1997.

5. AVAILABILITY OF SUPPLEMENTAL INSURANCE

NELIA and MAELU are offering to make insurance under one or more Master Worker Policies available to all holders of Nuclear Energy Liability Policies (Facility Form). THIS OFFER IS CONTINGENT ON SUFFICIENT SUPPORT FROM POLICYHOLDERS, AND MAY BE WITHDRAWN OR MODIFIED BY NELIA OR MAELU AS THEY DEEM NECESSARY OR APPROPRIATE.

The Master Worker Policies will provide, under their separate terms and conditions, coverage for new workers claims. Premiums will be subject to a separate Industry Retrospective Rating Plan.

COVERAGE UNDER THE NEW MASTER WORKER POLICIES IS NOT AUTOMATIC. A WRITTEN REQUEST MUST BE SUBMITTED TO NELIA OR MAELU THROUGH REGULAR MARKET CHANNELS.

It is understood and agreed that all of the provisions of this endorsement shall remain in full force and effect without regard to this Section 5, and without regard to whether or not the Named Insureds become insureds under the Master Worker Policies, or whether or not NELIA or MAELU terminate such policies or withdraw or modify their offer to underwrite such policies.

Explanation of Use of this Endorsement: This endorsement is a mandatory endorsement which is to be attached to new Facility Form Policies issued on or after January 1, 1988.

Effective Date of this Endorsement _____ To form a part of Policy No _____
12:01 A.M. Standard Time

Issued to _____

Date of Issue _____ For the subscribing companies

By _____
General Manager

Endorsement No _____ Countersigned by _____

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

NUCLEAR ENERGY LIABILITY POLICY
(Facility Worker Form)

herein called

M A S T E R W O R K E R P O L I C Y

The undersigned members of Nuclear Energy Liability Insurance Association, hereinafter called the "companies", each itself severally and not jointly, and in the respective proportion hereinafter set forth, agree with the insureds named in Item 1 of the Declarations of each Certificate, hereinafter called the "Named Insureds", in consideration of the payment of the premium, and subject to all of the provisions of the applicable Certificate and of this policy, as follows:

I

RELATION BETWEEN THE MASTER WORKER POLICY AND CERTIFICATES

No insurance is provided by this policy except through a Certificate issued to form a part hereof. The insurance then applies separately to the persons and organizations who are defined in Section IV as insureds under each such Certificate, except with respect to the Amount of Insurance Available.

The Amount of Insurance Available through such a Certificate to any person or organization who is an insured thereunder is limited as provided in Section VIII of this policy.

II

DEFINITIONS

When used in reference to this policy:

"bodily injury" means bodily injury, sickness or disease, including death resulting therefrom;

"byproduct material" has the meaning given in the Atomic Energy Act of 1954, or in any law amendatory thereof;

"Certificate", unless qualified, refers to a Certificate of Insurance (including Declarations and endorsements forming a part thereof) issued to form a part of this policy or of a MAELU Policy;

"claims costs" means, with reference to claims or suits the companies have the right and duty to defend under this policy;

- (1) cost taxed against the insured in such suits and interest on any judgments therein;
- (2) premiums on appeal bonds and on bonds to release attachments in such suits (but the companies have no obligation to apply for or furnish such bonds;

- (3) reasonable expenses, other than loss of earnings, incurred by the insured at the companies' request;
- (4) payments for expenses incurred in the investigation, negotiation, settlement and defense of such claims or suits, including, but not limited to, the cost of such allocated claims services by employees of the companies, fees and expenses of independent adjusters, attorneys' fees and disbursements, expenses for expert testimony, examination, x-ray or autopsy or medical expenses of any kind;
- (5) payments for expenses incurred by the companies in investigating an occurrence resulting in bodily injury or in minimizing its effects;

"discovery period" means the period defined in Section VI B hereof;

"extraordinary nuclear occurrence" means an event which the United States Nuclear Regulatory Commission has determined to be an "extraordinary nuclear occurrence" as defined in the Atomic Energy Act of 1954, or in any law amendatory thereof;

"insured contract" means that part of a contract or agreement made prior to bodily injury to a new worker under which the insured assumes the tort liability of a third person to pay damages because of such bodily injury.
 "Tort liability" means a liability that would be imposed by law on the third person in the absence of an express assumption of liability by the third person;

"insured facility" means a facility with respect to which insurance is provided through a Certificate;

"insured shipment" means a shipment of source material, special nuclear material, spent fuel or waste (herein called "material"):

- (1) to the facility from any location other than an insured facility, but only if the transportation of the material is not by predetermination to be interrupted by removal of the material from a transporting conveyance for any purpose other than the continuation of its transportation; or
- (2) from the facility to any other location, but only until the material is removed from a transporting conveyance for any purpose other than the continuation of its transportation;

"MAELU" means Mutual Atomic Energy Liability Underwriters;

"MAELU Policy" means a Nuclear Energy Liability Policy (Facility Worker Form) written by members of MAELU;

"NELIA" means Nuclear Energy Liability Insurance Association;

"new worker" refers to a person who is or was engaged in nuclear related employment that begins on or after January 1, 1988;

"new worker's claim" means a claim for damages because of bodily injury to a new worker caused by the radioactive, toxic, explosive or other hazardous properties of nuclear material and arising out of or in the course of the new worker's nuclear related employment;

"non-ratable incurred losses" has the meaning given in Attachment 1 to this policy;

"nuclear energy hazard" means the radioactive, toxic, explosive or other hazardous properties of nuclear material which is:

- (1) at the facility as described in the applicable Certificate issued to form a part of this policy or has been discharged or dispersed therefrom without intent to relinquish possession of custody thereof to any other person or organization; or
- (2) in an insured shipment that is away from any other insured nuclear facility and is in the course of transportation, including handling and temporary storage incidental thereto within:
 - (a) the territorial limits of the United States of America, its territories or possessions or Puerto Rico; or
 - (b) international waters or airspace, provided that:
 - (i) the nuclear material is in the course of transportation between two points located within the territorial limits described in (a) above; and
 - (ii) there are no deviations in the course of the transportation for the purpose of going to any other country, state or nation, except to a port or place of refuge in an emergency;

"nuclear facility" means any of the following and includes the site on which any of them is located, all operations conducted on such site and all premises used for such operations:

- (1) the facility as described in any Certificate;
- (2) any nuclear reactor;
- (3) any equipment or device designed or used for:
 - (a) separating the isotopes of uranium or plutonium;
 - (b) processing or utilizing spent fuel; or
 - (c) handling, processing or packaging waste;
- (4) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (5) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste;

"nuclear material" means source material, special nuclear material or byproduct material;

"nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"nuclear related employment" means all work performed at one or more than one nuclear facility in the United States of America or in connection with the transportation of nuclear material to or from any such facility.

All of a new worker's nuclear related employment shall be considered as having begun on the first day of such employment, regardless of the number of employers involved or interruptions in such employment;

"policy period" means the period defined in Section VI A hereof;

"ratable incurred losses" has the meaning given in Attachment 1 to this policy;

"source material" has the meaning given in the Atomic Energy Act of 1954, or in any law amendatory thereof, and also includes tailings or wastes produced by the extraction of uranium or thorium from ore processed primarily for its source material content;

"special nuclear material" has the meaning given in the Atomic Energy Act of 1954, or in any law amendatory thereof;

"spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in any nuclear reactor;

"the facility" refers to the facility described in the Declarations of a Certificate. It includes the location described in Item 3 thereof and all property and operations at such location;

"waste" means any waste material that contains byproduct material and results from the operation by any person or organization of:

- (1) any nuclear reactor; or
- (2) any equipment or device designed or used for:
 - (a) separating the isotopes of uranium or plutonium;
 - (b) processing or utilizing spent fuel; or
 - (c) handling, processing or packaging such waste material.

III COVERAGE

In the event that a new worker's claim is made against a person or organization who is an insured under a Certificate issued to form a part of this policy:

- (1) The companies shall pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of bodily injury to which this policy applies, sustained by a new worker and caused by the nuclear energy hazard.

The companies shall have the right and duty to defend any suit against the insured alleging such injury and seeking damages payable under the terms of this policy. But the companies may make such investigation and settlement of any claim or suit seeking such damages as they deem appropriate.

- (2) The companies shall also pay, as a part of the Amount of Insurance Available under this policy, the claims costs relating to any such claim or suit.
- (3) The companies' obligation to pay damages and claims costs, and to defend any claim and suit ends when the Policy Aggregate Limit has been exhausted pursuant to the provisions of Section VIII.

IV DEFINITION OF INSURED

When used in reference to a Certificate issued to form a part of this policy, the unqualified word "insured" means:

- (1) each insured named in Item 1 of the Declarations of the Certificate; and
- (2) any other person or organization with respect to legal responsibility for damages because of bodily injury to a new worker caused by the nuclear energy hazard applicable to the Certificate. This subsection (2) does not include as an insured the United States of America or any of its agencies except the Tennessee Valley Authority.

V EXCLUSIONS

This policy does not apply:

- (1) to any obligation for which the insured or any carrier as his insurer may be held liable under any worker's compensation, unemployment compensation or disability benefits law, or under any similar law;
- (2) to bodily injury to any employee of the insured arising out of or in the course of employment by the insured; but this exclusion (2) does not apply to liability assumed by the insured under an insured contract;
- (3) to liability assumed by the insured under contract, other than an insured contract;
- (4) to bodily injury to a new worker due to the manufacturing, handling or use at the location designated in Item 3 of the Declarations of any Certificate, in time of peace or war, of any nuclear material or byproduct material;
- (5) to bodily injury to a new worker due to war, whether or not declared, civil war, insurrection, rebellion or revolution, or to any act or condition incident to any of the foregoing;
- (6) to bodily injury to a new worker arising in whole or in part out of an extraordinary nuclear occurrence.

VI
POLICY PERIOD; DISCOVERY PERIOD; APPLICATION OF POLICY

A. Policy Period

The policy period of this policy begins at 12:01 a.m. on January 1, 1988 and ends at the close of December 31, 1992, Eastern Standard Time, or when all Certificates issued to form a part hereof have been cancelled, whichever first occurs.

B. Discovery Period

The discovery period for claims made under this policy begins at 12:01 a.m. on January 1, 1988 and ends at the close of December 31, 1997, Eastern Standard Time.

C. Application of Policy

This policy applies only to bodily injury to a new worker (1) which is caused during the policy period by the nuclear energy hazard and (2) which is discovered and for which written claim is first made against the insured within the discovery period.

VII
OTHER INSURANCE

- A. This insurance is primary insurance under any insurance afforded by a Master Policy-Nuclear Energy Liability Insurance (Secondary Financial Protection) issued by NELIA or MAELU.
- B. If an insured has other valid and collectible insurance, except under a MAELU Policy, for loss or expense covered by this policy, this policy shall be excess insurance over such other insurance. If the insured

has insurance under a MAELU Policy, whether the insurance is collectible or not, the companies shall then be liable under this policy only for such proportion of loss or expense as the amount stated as the Policy Aggregate Limit in Section VIII of this policy bears to the sum of such amount and the corresponding amount stated in the MAELU Policy.

VIII
AMOUNT OF INSURANCE AVAILABLE

A. Policy Aggregate Limit

1. The Policy Aggregate Limit is \$124 million. This limit is not cumulative from year to year. The limit applies to all new worker's claims that qualify for coverage under this policy (herein called "qualified claims").
2. The Policy Aggregate Limit applies collectively to all new worker's claims. Such claims may be paid by NELIA on behalf of the companies as the claims, in NELIA's discretion, become ready for disposition, and claims costs may be paid as they become due, all without regard to the order in which such claims were made and without any obligation to maintain, reserve or use any portion of the Policy Aggregate Limit for claims reported under any particular Certificate.

B. Limitation of the Companies' Liability

1. Regardless of the number of (a) Certificates issued to form a part of this policy, (b) persons and organizations who are insureds under such Certificates, (c) qualified claims, or (d) years this policy or any such Certificates shall continue in force, the Policy Aggregate Limit is the total liability of the companies for all of their obligations under this policy, including the defense of suits and the payment of damages and claims costs.
2. This policy provides for certain automatic reinstatements of the Policy Aggregate Limit. Regardless of such provision, if, during the policy period or thereafter, the total payments of the companies for
 - (a) non-ratable incurred losses, and
 - (b) those ratable incurred losses for which the companies have not been reimbursed under the INDUSTRY RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT described in Attachment 1 to this policy,
 equal \$124 million, the Policy Aggregate Limit shall be deemed to be exhausted, and shall not be further reinstated except by an endorsement issued to form a part of this policy for additional premium as determined by the companies.

C. Reduction and Reinstatement of the Policy Aggregate Limit

1. Each payment made by the companies in discharge of their obligations under this policy shall reduce the Policy Aggregate Limit by the amount of such payment.

2. The companies shall, however, automatically reinstate the policy aggregate limit until the total amount of such reinstatements equals \$124 million, but in no event shall there be any automatic reinstatements after the Policy Aggregate Limit is exhausted pursuant to the provisions of subsection B.2. above. Thereafter, there shall be no further reinstatement of the Policy Aggregate Limit except by an endorsement issued to form a part of this policy for additional premium as determined by the companies.
3. It is a condition of this insurance that the companies shall have the right to reimburse themselves, as a matter of first priority, from funds held by NELIA in the Special Reserve Account described in Attachment 1 to this policy or from retrospective premiums received by NELIA for this insurance. The amount of reimbursement shall be equal to 95% of each payment made by the companies with respect to their obligations under this policy.

IX

INSURED'S DUTIES IN CASE OF CLAIMS OR SUITS

- A. Notice of Claims or Suits -- In the event of any claim or suit involving bodily injury to which a Certificate issued to form a part of this policy applies, written notice containing particulars sufficient to identify the insured and also reasonably obtainable information with respect to the time, place and circumstances thereof shall be given by or for the insured to the companies as soon as practicable. The insured shall immediately forward to the companies every demand, notice, summons or other process received relating to claims or suits against the insured.
- B. Assistance and Cooperation -- the insured shall cooperate with the companies and, upon their request, shall:
 - (1) attend hearings and trials; and
 - (2) assist in making settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of any legal proceedings in connection with the subject matter of this insurance.

The insured shall not, except at the insured's own cost, make any payment, assume any obligation or incur any expense.

X

SUBROGATION

In the event of any payment through a Certificate issued to form a part of this policy, the companies shall be subrogated to all the insured's rights of recovery therefor against any person or organization, and the insured shall execute and deliver instruments and papers, and so whatever else is necessary to secure such rights. Prior to knowledge of bodily injury caused by the nuclear energy hazard the insured may waive in writing any or all right of recovery against any person or organization, but after such knowledge the insured shall not waive or otherwise prejudice any such right of recovery.

The companies hereby waive any right of subrogation against (1) any other insured of (2) the United States of America or any of its agencies acquired by reason of any payment under this policy.

It is a condition of this policy that if an insured makes a recovery on account of any such injury, the insured shall repay to the companies the amount to which the companies would have been entitled had the foregoing provisions, or any of them, not been included in this policy.

XI INSPECTION AND SUSPENSION

The companies shall be permitted, but not obligated, to inspect at any time the facility as described in any Certificate and all books, records and operation relating thereto, both with respect to this insurance, and any other nuclear energy liability insurance and property insurance also afforded with respect thereto by members of NELIA, American Nuclear Insurers, MAELU or MAERP Reinsurance Association.

If a representative of the companies discovers a condition which he or she believes to be unduly dangerous with respect to the risks insured under the Certificate, a representative of the companies may request such condition to be corrected without delay. In the event of noncompliance with the request, an officer of NELIA may, by written notice mailed or delivered to the first Named Insured, with similar notice to the United States Nuclear Regulatory Commission, suspend the insurance afforded by a Certificate issued by NELIA effective 12:00 midnight of the next business day of such Commission following the date that such Commission receives such notice. The period of such suspension shall terminate as of the time stated in a written notice from NELIA to the first Named Insured that such condition has been corrected.

Neither the right to make such inspections or suspensions nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the Named Insureds or others to determine or warrant that the facility or operations relating thereto are safe or healthful, or are in compliance with any law, rule or regulation.

In consideration of the issuance or continuation of a Certificate, the Named Insureds agree that neither the companies nor any persons or organizations making such inspections on their behalf shall be liable for damage to the facility or any consequential damage or cost resulting therefrom, including but not limited to any such damage or cost relating to interruption of business or manufacture, arising out of the making of or failure to make any such inspection of the facility, any report thereon, or any such suspension of insurance; but this provision does not limit the companies' contractual obligations under a Certificate issued by NELIA or any policy issued by NELIA or American Nuclear Insurers affording the insured nuclear energy liability or property insurance.

XII CANCELLATION OF CERTIFICATES

The first Named Insured designated in a Certificate issued to form a part of this policy may cancel such Certificate by mailing to the companies and the United States Nuclear Regulatory Commission written notice stating when, not less than 30 days thereafter, such cancellation shall be effective.

The companies may cancel any such Certificate by mailing to the first Named Insured designated therein at the address shown in such Certificate and to the United States Nuclear Regulatory Commission written notice, stating when, not less than 90 days thereafter, such cancellation shall be effective; provided in the event of non-payment of premium, or if the operator of the facility, as designated in the Declarations of the Certificate, is replaced by another person or organization, such Certificate may be cancelled by the companies by mailing to the first Named Insured at the address shown therein and to the United States Nuclear Regulatory Commission written notice, stating when, not less than 30 days thereafter, such cancellation shall be effective.

The mailing of notice as aforesaid shall be sufficient proof of notice. The effective date and hour of cancellation stated in the notice shall become the end of the Certificate period. Delivery of such written notice either by the first Named Insured or the companies shall be equivalent to mailing.

Upon cancellation of a Certificate, other than as of the end of December 31 in any year, the earned standard premium for the period such Certificate has been in force since the preceding December 31 shall be computed in accordance with the following provisions:

- (1) If the first Named Insured cancels, the earned standard premium for such period shall be computed in accordance with the customary annual short rate table and procedure; provided, however, that if the first Named Insured cancels after knowledge of bodily injury caused by the nuclear energy hazard, all premiums theretofore paid or payable shall be fully earned;
- (2) If the companies cancel, the earned standard premium for such period shall be computed pro rata.

Premium adjustment, if any, may be made either at the time of cancellation or as soon as practicable after cancellation becomes effective, but payment of tender of unearned premium is not a condition of cancellation.

Cancellation of a Certificate shall not affect the rights and obligations of the Named Insureds under the Insureds under the Industry Retrospective Rating Plan Premium Endorsement forming a part of the Certificate.

XIII GENERAL CONDITIONS

- A. **PREMIUM** --- The Named Insureds designated in a Certificate issued by NELIA shall pay the companies the premiums for the Certificate in accordance with the provisions of the INDUSTRY RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT described in Attachment 1 to this policy.
- B. **MODIFICATIONS, WAIVER** --- The provisions of this policy or a Certificate issued to form a part hereof shall not be changed or waived except by an endorsement issued by the companies to form a part of the policy or Certificate.
- C. **ASSIGNMENT** --- Assignment of interest under a Certificate issued to form a part of this policy shall not bind the companies until their consent is endorsed thereon. If, however, a Named Insured shall die or be declared bankrupt or insolvent, the Certificate shall cover the Named Insured's legal representative, receiver or trustee as an insured, but only with

respect to liability as such, and then only provided written notice of the appointment as legal representative, receiver or trustee is given to the companies within 10 days after such appointment.

- D. SUIT --- No suit or action on a Certificate issued to form a part of this policy shall lie against the companies or any of them unless, as a condition precedent thereto, the insured shall have fully complied with all the terms of the policy, nor until the amount of the insured's obligation to pay shall have been finally determined either by judgment against the insured after actual trial or by written agreement of the insured, the claimant and the companies.

Any person or organization or the legal representative thereof who has secured such judgment of written agreement shall thereafter be entitled to recover under the Certificate to the extent of the insurance afforded by this policy through the Certificate. No person or organization shall have any right under the Certificate to join the companies or any of them as parties to any action against the insured to determine the insured's liability, nor shall the companies or any of them be impleaded by the insured or the insured's legal representative.

Bankruptcy or insolvency of the insured or the insured's estate shall not relieve the companies of any of their obligations under this policy.

- E. AUTHORIZATION OF THE FIRST NAMED INSURED -- Except with respect to compliance with the obligations imposed on the insured by the Sections of this policy entitled "INSURED'S DUTIES IN CASE OF CLAIMS OR SUITS", "SUBROGATION" and "SUIT", the first Named Insured designated in the Declarations of a Certificate issued to form a part of this policy is authorized to act for every other insured in all matters pertaining to this insurance.
- F. INSURED REPRESENTATION --- Any notice, sworn statement of proof of Loss which may be required by the provisions of this policy may be given to any one of the companies specified in the Schedule of Subscribing Companies attached hereto. Such notice, statement or proof of Loss so given shall be valid and binding on all such companies.

In any action or suit against such companies, service of process may be made on any one of them and such service shall be valid and binding service on all such companies.

Nuclear Energy Liability Insurance Association is the agent of the companies with respect to all matters pertaining to this insurance. All notices or other communications required by this policy may be given to such agent at its office at

Nuclear Energy Liability Insurance Association
The Exchange, Suite 245
270 Farmington Avenue
Farmington, Connecticut 06032

with the same force and effect as if given directly to the companies. Any requests, demands or agreements made by such agent shall be deemed to have been made directly by the companies.

G. CHANGES IN SUBSCRIBING COMPANIES AND THEIR PROPORTIONATE LIABILITY

By acceptance of this policy the Named Insureds agree that the members of Nuclear Energy Liability Insurance Association liable under this policy, and the proportionate liability of each such member, may change from year to year, and further agree that regardless of such changes:

- (1) each company subscribing this policy upon its issuance shall be liable only for its stated proportion of any obligation assumed or expense incurred under this policy because of bodily injury to new workers caused, during the period from the effective date of this policy to the close of December 31 next following, by the nuclear energy hazard; for each subsequent calendar year, beginning January 1 next following the effective date of this policy, the subscribing companies and the proportionate liability of each such company shall be stated in an endorsement issued to form a part of this policy, duly executed and attested by the President of Nuclear Energy Liability Insurance Association on behalf of each such company, and a copy of which will be mailed or delivered to the first Named Insured of each Certificate;
- (2) the liability of any subscribing company shall not be cumulative from year to year.

H. DECLARATIONS -- By acceptance of this Master Worker Policy, the Named Insureds designated in a Certificate agree that the statements in such Certificate are their agreements and representations, that this Master Worker Policy and such Certificate are issued in reliance upon the truth of such representations and that this Master Worker Policy and such Certificate embody all agreements between such Named Insureds and the companies or any of their agents relating to this insurance.

IN WITNESS WHEREOF, the companies subscribing this policy have caused the policy to be executed and attested on their behalf by the President of Nuclear Energy Liability Insurance Association and duly countersigned by an authorized representative, but this policy shall be binding on each company only to the extent of its designated proportion of any obligation assumed or expense incurred under this policy.

For the Subscribing Companies:

Date of Issue: _____ 19 ____

Countersigned by: (Authorized Representative)

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

NUCLEAR ENERGY LIABILITY POLICY
(Facility Worker Form)herein called the
MASTER WORKER POLICY

C E R T I F I C A T E O F I N S U R A N C E

Certificate No. _____

This is to certify that the insureds named in Item 1 of the Declarations hereof, hereinafter called the "Named Insureds", have obtained insurance under the Master Worker Policy issued by Nuclear Energy Liability Insurance Association on behalf of its members. The insurance is subject to all of the provisions of the "Certificate and the Master Worker Policy.

¹
DECLARATIONS

Item 1. Named Insureds and Addresses:

Item 2. Certificate Coverage Period:

Beginning at 12:01 a.m. January 1, 1988 and ending at the close of December 31, 1992, Eastern Standard Time, or at the time and date this Certificate is cancelled or terminated, whichever first occurs.

Item 3. Description of the Facility:

Location:

Type:

Operator of the Facility:

Item 4. Amount of Insurance Available:

The amount of insurance afforded by the Master Worker Policy through this Certificate shall be determined by Section VIII of the Master Worker Policy and all of the other provisions of the policy relating thereto.

Item 5. Advance Premium: \$

2
APPLICATION OF CERTIFICATE

This Certificate applies only to bodily injury to a new worker (1) which is caused, during the Certificate Coverage Period, by the nuclear energy hazard and (2) which is discovered and for which written claim is first made against an insured under the Certificate within the discovery period of the Master Worker Policy.

3
INDUSTRY RETROSPECTIVE RATING PLAN

All insurance under the Master Worker Policy is subject to the Industry Retrospective Rating Plan in use by the companies. No insurance is provided under this Certificate unless and until the first Named Insured has accepted in writing the Industry Retrospective Rating Plan Premium Endorsement and a copy of the signed endorsement has been issued by the companies to form a part of this Certificate.

IN WITNESS WHEREOF, the companies subscribing the Master Worker Policy have caused this Certificate to be executed and attested on their behalf by the President of Nuclear Energy Liability Insurance Association and duly

countersigned by an authorized representative.

For the Subscribing Companies:

Date of Issue _____ 19 _____

Countersigned by: _____
(Authorized Representative)

Nuclear Energy Liability Insurance
 NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

INDUSTRY RETROSPECTIVE RATING PLAN PREMIUM ENDORSEMENT

It is agreed that:

1. DEFINITIONS

With reference to the premium for the Certificate of which this endorsement forms a part:

"Master Worker Policy" means the Master Worker Policy issued by NELIA;

"Certificate Holder" means the first Named Insured in a Certificate issued to form a part of the Master Worker Policy;

"advance premium", for any calendar year, is the premium for that calendar year;

"standard premium", for any calendar year, is the premium for that calendar year computed in accordance with the companies' rules, rated, rating plans (other than the Industry Retrospective Rating Plan), premiums and minimum premiums applicable to this insurance. Standard premium includes elements for premium taxes, expenses, profit and contingencies, guaranteed cost insurance and estimated reserve premium. The elements of standard premium, other than for premium taxes and estimated reserve premium, are not subject to retrospective adjustment;

"reserve premium" means that portion of the premium for a Certificate (including reserve premium charges paid) that is the sum of the reserve premiums for that period for all Certificates issued to form a part of the Master Worker Policy;

"industry reserve premium", for any period, is the sum of the reserve premiums for that period for all Certificates issued to form a part of the Master Worker Policy;

"retrospective adjustment ratio", for any period, is the ratio of the reserve premium for this Certificate for that period to the industry reserve premium for the same period;

"incurred losses" means the sum of all:

- (1) losses and expenses paid by NELIA, and
- (2) reserves for losses and expenses as estimated by NELIA, because of obligations assumed and expenses incurred in connection with such obligations by the members of NELIA under the Master Worker Policy;

"ratable incurred losses" means 95% of incurred losses. Ratable incurred losses are the portion of incurred losses which are not covered by the guaranteed cost insurance element of standard premiums;

"non-ratable incurred losses" means 5% of incurred losses. Nonratable incurred losses are the portion of incurred losses which are covered by the guaranteed cost insurance element of standard premiums;

"reserve for refunds", as of any date, is the algebraic difference between:

- (1) all industry reserve premium for the period from January 1, 1988 through such date, minus
- (2) the total for the same period of (a) all ratable incurred losses and (b) all industry reserve premium refunds made under the Industry Retrospective Rating Plan by members of NELIA;

"industry reserve premium charge", for any period, means the amount determined pursuant to the provisions of Section 4 of this endorsement for payment by the Named Insureds under Certificates;

"reserve premium charge" means the portion of an industry reserve premium charge payable by the Named Insureds under Certificates;

"industry reserve premium refund" for any period, means the amount determined pursuant to the provisions of Section 4 of this endorsement for return to the Named Insureds under Certificates;

"reserve premium refund" means the portion of an industry reserve premium refund returnable to the Named Insureds under this Certificate.

2. PAYMENT OF ADVANCE AND STANDARD PREMIUMS

The Named Insureds shall pay the companies the advance premium stated in the declarations, for the period from the effective date of this Certificate through December 31 following. Thereafter, at the beginning of each calendar year while this Certificate is in force, the Named Insureds shall pay the advance premium for such year to the companies.

The advance premium for each calendar year shall be stated in the Advance and Standard Premium Endorsement for the year issued by the companies as soon as practicable prior to or after the beginning of the year.

As soon as practicable after the end of a calendar year or the Certificate Coverage Period, the standard premium for the preceding year shall be finally determined and stated in the Advance and Standard Premium Endorsement for that year. If the Standard Premium exceeds the Advance Premium paid for that year, the Named Insureds shall pay the excess to the companies; if less, the companies shall return to the Named Insureds the excess portion paid.

The Named Insureds shall maintain records of the information necessary for premium computation and shall send copies of such records to the companies as directed, at the end of each calendar year, at the end of the Certificate Coverage Period and at such other times as the companies may direct.

3. SPECIAL RESERVE ACCOUNT; USE OF RESERVE PREMIUMS

NELIA shall maintain on behalf of its members a Special Reserve Account for holding collectively all reserve premiums paid for all Certificates issued to form a part of the Master Worker Policy. Such premiums, together with any undistributed net income realized thereon after taxes and investment expenses, shall be used for the following purposes only:

- (1) to pay ratable incurred losses or, in the event ratable incurred losses are paid under the Master Worker Policy from funds advanced by

the members of NELIA subscribing the policy, to reimburse such members as a matter of first priority for the funds advanced;

- (2) to refund any amounts so held to the Named Insureds, as provided in Section 4.

No members of NELIA and no Named Insureds shall have any individual interest in or claim upon amounts held in the special Reserve Account, except to participate proportionally in any refund or reimbursement provided for above.

All reserve premiums paid or payable for this certificate may be used by NELIA to discharge the obligations of its members under the Master Worker Policy with respect to the above purposes and arising out of claims made under any Certificate issued to form a part of the Master Worker Policy.

4. PAYMENT OF RESERVE PREMIUM CHARGES AND REFUNDS

As soon as practicable after each December 31 the companies will review the status of the reserve for refunds and report their findings to all Certificate Holders.

If, at any time, the companies find that there is negative balance in the reserve for refunds and that such condition is likely to prevail, they shall determine an appropriate industry reserve premium charge. Similarly, if the companies find that there is a surplus positive balance, they shall determine an appropriate industry reserve premium refund.

The portion of an industry reserve premium charge or an industry reserve premium refund that is:

- (1) payable by the Named Insureds as a reserve premium charge, or
- (2) due such insureds as reserve premium refund, shall be determined by multiplying the industry reserve premium charge or the industry reserve premium refund by the retrospective adjustment ratio applicable to this Certificate.

The amount of any reserve premium charge shall be stated in a Retrospective Reserve Premium Charge Endorsement. The charge shall be paid promptly after receipt of the endorsement.

When all claims covered by the Master Worker Policy are closed the companies shall make a final review and report, and shall determine a final industry reserve premium charge or industry reserve premium refund equal to the amount of the balance.

5. FINAL PREMIUM

The final premium for this Certificate shall be (a) the sum of the standard premiums for each calendar year, or portion thereof, during which the Certificate remains in force plus (b) the sum of all reserve premiums, including all reserve premium charges, minus (c) the sum of all reserve premium refunds.

6. RESERVE PREMIUM CHARGE AGREEMENT

In consideration of (a) the participation of Named Insureds in other Certificates subject to the Industry Retrospective Rating Plan, (b) the undertaking of such Named Insureds to pay their appropriate share of any industry reserve premium charge and (c) the obligations assumed by the members of NELIA under the Master Worker Policy, the Named Insureds, by acceptance of the Master Worker Policy, agree:

- (1) That the insurance provided by the Master Worker Policy applies collectively to all claims covered by the policy through any and all Certificates issued to form a part of the policy.
- (2) That the right of each Named Insured under a Certificate to receive reserve premium refunds and the obligation of each such insured to pay reserve premium charges applies to all claims covered by the Master Worker Policy and continues until all such claims are closed, whether or not such claims were before the inception of the Certificate or after its termination.
- (3) To pay all reserve premium charges due promptly after receipt of the Retrospective Reserve Premium Charge Endorsement, whether or not the Certificate is terminated. Any reserve premium charge shall be overdue if not paid within 60 days of the date of the invoice for the charge.

Overdue reserve premium charges shall bear interest from the due date until paid at an annual rate equal to the sum of (a) 3% plus (b) a rate of interest equal to Moody's Average Public Utility Bond Survey current on the due date. Any reserve premium refund due to Named Insureds under a Certificate shall be used to pay any overdue reserve premium charges to such Named Insureds.

7. RESERVE PREMIUM REFUND AGREEMENT

Each member of NELIA subscribing the Master Worker Policy for and calendar year, or portion thereof, with respect to which an industry reserve premium refund is determined to be payable thereby agrees for itself, severally and not jointly, and in the Master Worker Policy for that calendar year, to return promptly to the Named Insureds that portion of such refund due such Insureds, as determined in accordance with the provisions of this endorsement.

Accepted and agreed by the first Named Insured in behalf of itself and every other Named Insured stated in the Declarations of the Certificate of which this endorsement forms a part.

(First Named Insured - Type or Print)

Date _____

By _____

(Signature of Authorized Officer)

(Type or Print Name and Title of Officer)

Effective Date of
this Endorsement _____

To form a part of Policy No _____

12:01 a.m. Standard Time

Issued to _____

Date of Issue _____

For the subscribing companies

By _____

General Manager

Endorsement No

Countersigned by _____

NE-W-1 (1/1/88)

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

CALENDAR YEAR 1988

- 1. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is:

\$ _____.

- 2. STANDARD PREMIUM AND RESERVE PREMIUM: In the absence of a change in the Advance Premium indicated above, it is agreed that, subject to the provisions of the Industry Retrospective Rating Plan, the Standard Premium is said Advance Premium and the estimated reserve Premium element of the Standard Premium is:

\$ _____.

Explanation of Use of this Endorsement: This endorsement will be used in the first year of the Master Worker Policy. It states the Advance Premium and the estimated Reserve Premium for the year for the Certificate to which the endorsement is attached.

Effective Date of this Endorsement _____ To form a part of Policy No _____
12:01 A.M. Standard Time

Issued to _____

Date of Issue _____ For the subscribing companies

By _____
General Manager

Endorsement No _____ Countersigned by _____

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

CALENDAR YEAR _____

It is agreed that Items 1 and 2 of Endorsement No. _____ are amended to read:

- 1. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is:

\$ _____.

- 2. STANDARD PREMIUM AND RESERVE PREMIUM: In the absence of a change in the Advance Premium indicated above, it is agreed that, subject to the provisions of the Industry Retrospective Rating Plan, the Standard Premium is said Advance Premium and the estimated Reserve Premium element of the Standard Premium is:

\$ _____.

Explanation of Use of this Endorsement This endorsement will be used for calendar years of the Master Worker Policy after the 1988 calendar year. It states the Advance Premium and the estimated Reserve Premium for the year for the Certificate to which the endorsement is attached.

Effective Date of this Endorsement _____ To form a part of Policy No _____
12:01 A.M. Standard Time

Issued to _____

Date of Issue _____ For the subscribing companies

By _____
General Manager

Endorsement No _____ Countersigned by _____

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

RETROSPECTIVE RESERVE PREMIUM CHARGE ENDORSEMENT

1. INDUSTRY RESERVE PREMIUM CHARGE. In accordance with Section 4 of the Industry Retrospective Rating Plant Premium Endorsement attached to each Certificate to this policy, the companies have reviewed the status of the reserve for refunds, found that there is a negative balance in the reserve for refunds and have determined that an industry reserve premium charge, as indicated below, is appropriate:

\$ _____.

2. RETROSPECTIVE ADJUSTMENT RATIO. The portion of the industry reserve premium charge payable by the Named Insureds under this Certificate is determined by multiplying such charge by this Certificate's retrospective adjustment ratio, which is:

\$ _____.

3. RESERVE PREMIUM CHARGE. The Named Insureds' portion of the industry reserve premium charge, as calculated above, is:

\$ _____.

Explanation of Use of this Endorsement: This endorsement will be issued by the companies under the Master Worker Policy after an industry reserve premium charge has been determined because there is a negative balance in

the reserve for refunds. It states the reserve premium charge applicable to the Certificate to which the endorsement is attached.

Effective Date of this Endorsement 12:01 A.M. Standard Time To form a part of Policy No _____

Issued to _____

Date of Issue _____ For the subscribing companies

By _____
General Manager

Endorsement No. _____ Countersigned by _____

Dated at Washington, D.C. this _____ day of _____
19 .

FOR THE U. S. NUCLEAR REGULATORY COMMISSION

Samuel J. Chilk
Secretary of the Commission