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 SALTZMAN, J. D. Utility Finance Branch (formerly Antitrust & Indemnity)

SUBJECT: Forwards Endorsement 40 to MAELU Policy MF-72. Endorsement is
 amend of Condition 2, "Insp; Suspension," & definition of
 "Insured Shipment."

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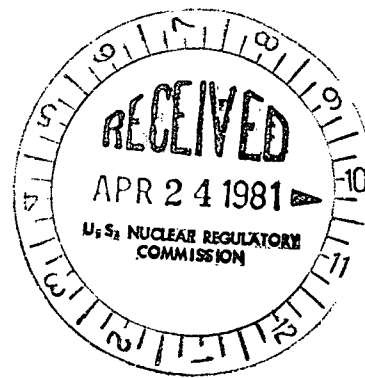
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Mr. Jerome D. Saltzman, Chief
Antitrust and Indemnity Group
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Duane Arnold Energy Center
Nuclear Liability Coverage
Docket No. 50-331



Dear Mr. Saltzman:

Please find enclosed a copy of Endorsement No. 40 to the Mutual Atomic Energy Liability Underwriters Policy No. 72. This Endorsement is an amendment of Condition 2, "Inspection; Suspension," and definition of "Insured Shipment."

Sincerely,

Robert Lowenstein
Robert Lowenstein

RL:mn

enclosure

cc: Mr. Philip E. Seckman

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NUCLEAR ENERGY LIABILITY INSURANCE

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

AMENDMENT OF CONDITION 2 "INSPECTION; SUSPENSION"
AND DEFINITION OF "INSURED SHIPMENT"
(Indemnified Nuclear Facility)

It is agreed that:

1. Condition 2 "INSPECTION; SUSPENSION" is replaced by the following:

2. INSPECTION;SUSPENSION The companies shall at any time be permitted but not obligated to inspect the facility and all operations relating thereto and to examine the insured's books and records as far as they relate to the subject of this insurance and any property insurance afforded the insured through any company who is a member of Mutual Atomic Energy Reinsurance Pool. If a representative of the companies discovers a condition which he believes to be unduly dangerous with respect to the nuclear energy hazard, a representative of the companies may request that such condition be corrected without delay. In the event of noncompliance with such request, a representative of the companies may, by notice to the named insured, to any other person or organization considered by the companies to be responsible for the continuation of such dangerous condition, and to the United States Nuclear Regulatory Commission, suspend this insurance with respect to the named insured and such other person or organization 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 the companies to the named insured and to each such person or organization that such condition has been corrected.

Neither the right to make such inspections and examinations nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking, on behalf of or for the benefit of the insured or others, to determine or warrant that such facility or operations are safe or healthful, or are in compliance with any law, rule or regulation. In consideration of the issuance or continuation of this policy, the insured agrees that neither the companies nor any persons or organizations making such inspections or examinations on their behalf shall be liable with respect to injury to or destruction of property at the facility, or any consequential loss or expense resulting therefrom, or any loss resulting from interruption of business or manufacture, arising out of the making of or a failure to make any such inspection or examination, or any report thereon, or any such suspension of

insurance, but this provision does not limit the contractual obligations of the companies under this policy or any policy affording the insured property insurance through any company who is a member of Mutual Atomic Energy Reinsurance Pool.

2. The definition of "insured shipment" in Insuring Agreement III, "DEFINITIONS" is replaced by the following:

"insured shipment" means a shipment of source material, special nuclear material, spent fuel, waste, or tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content, herein called "material," (1) to the facility from any location except an indemnified nuclear 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.

Effective Date of this Endorsement January 1, 1981 To form a part of Policy No. MF-72
12:01 A.M. Standard Time

Issued to Iowa Electric Light & Power Co., Central Iowa Power Cooperative and
Corn Belt Power Cooperative
 Date of Issue March 20, 1981

THIS IS TO CERTIFY THAT THIS IS A
 TRUE COPY OF ENDORSEMENT NO. 40
 MADE PART OF NUCLEAR ENERGY POLICY
 (FACILITY PERM.) NO. 72 NO
 INSURANCE IS AFFORDED UNDER THIS
 TRUE COPY.
Shoreline

For the Subscribing Companies

Mutual Atomic Energy Liability Underwriters

By _____

Endorsement No. 40

Countersigned by Charles King