

**Ramsey, Kevin**

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**From:** Habighorst, Peter  
**Sent:** Monday, April 19, 2010 8:27 AM  
**To:** Ramsey, Kevin  
**Subject:** FW: OOU NFS liability insurance  
**Attachments:** Q&A re NFS liability insurance.doc

When down at NFS...see how they are doing with liability insurance acquisition....thanks

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**From:** Ramsey, Kevin  
**Sent:** Tuesday, February 16, 2010 4:23 PM  
**To:** Hull, John; Habighorst, Peter; Chang, Lydia; Kline, Kenneth; Dinitz, Ira; Fredrichs, Thomas  
**Cc:** Jones, Bradley  
**Subject:** OOU NFS liability insurance

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Latest version of Q&A attached. Part 140 references 2 sections of the Act, so I noted both in Question 2. Let me know if you have any comments on this version.

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**From:** Hull, John  
**Sent:** Tuesday, February 16, 2010 2:24 PM  
**To:** Habighorst, Peter; Ramsey, Kevin; Chang, Lydia; Kline, Kenneth  
**Cc:** Jones, Bradley  
**Subject:** RE: nfsani wpd.doc

Kevin,

see attached mrkup. I've verified that the Part 140 rulemakings adding plutonium processing and fuel fabrication plant provisions (SOC at 42 FR 48, Jan 3, 1977); and uranium enrichment facility provisions (SOC at 57 FR 18394, Ap 30, 1992) give no indication that facilities producing reactor fuel for Navy subs are subject to insurance requirements.

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**From:** Habighorst, Peter  
**Sent:** Tuesday, February 16, 2010 11:25 AM  
**To:** Ramsey, Kevin; Chang, Lydia; Kline, Kenneth; Hull, John  
**Subject:** FW: nfsani wpd.doc

Please update and or comment on the proposed Qs and As regarding NFS's lack of liability insurance.....Kevin Ramsey will be the POC...thanks for consideration in this matter..

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**From:** Dinitz, Ira  
**Sent:** Friday, February 12, 2010 8:30 AM  
**To:** Habighorst, Peter  
**Cc:** Carlson, Robert; Simmons, Anneliese  
**Subject:** nfsani wpd.doc

A/q

**Questions and Answers Regarding  
Nuclear Fuel Services  
Loss of Liability Insurance**

1. Is Nuclear Fuel Services (NFS) required to have liability insurance or indemnity?

No, it is not.

2. If not, who is required to have insurance or indemnity?

Only the facilities specified in Sections 170 and 193 of the Atomic Energy Act of 1954, as amended. The regulations in 10 CFR Part 140 implement these sections of the Act. Part 140 requires the following licensees to have liability insurance and indemnity:

- (a) Nuclear reactors licensed under Parts 50, 52, or 54,
- (b) Facilities licensed under Part 70 use plutonium in a processing and fuel fabrication plant, and
- (c) Uranium enrichment facilities licensed under Parts 40 and 70.

The Act gives the NRC authority to extend these requirements to other types of licensees, but to date the NRC has not chosen to do so.

3. Why is NFS not required to have liability insurance?

NFS is not licensed to conduct any of the activities listed in response to Question 2 above. NFS is licensed to fabricate fuel from uranium only. Therefore, it is not required to have liability insurance or indemnity.

4. If American Nuclear Insurers (ANI) believes that NFS poses an unacceptable financial risk, why should it have an NRC license?

NRC approves license applications based on the requirements in its regulations. The ANI decision does not provide a legal basis for revoking the NFS license. However, the NRC may consider the ANI decision as a factor in future licensing actions regarding NFS

5. What assurance does the NRC have the NFS can protect people and the environment without insurance?

Insurance does not protect people and the environment from damages. Insurance provides compensation after damages have occurred. Damages are prevented by a robust safety program that includes (a) workers qualified by training and experience to use license material safely, (b) equipment and facilities adequate to protect health and minimize danger, and (c) procedures adequate to protect health and minimize danger. NRC licensing reviews confirm that NFS has committed to a robust safety program. NRC inspections verify that NFS is implementing its safety program adequately. The safety program provides reasonable assurance that people and the environment will be protected.