

FROM: Duke Power Company  
Charlotte, N. C. 28201

DATE OF DOCUMENT

August 7, 1973

DATE RECEIVED

August 10, 1973

NO.:

6150

OTHER:

TO:

Saltzman

ORIG.: 1

CC:

OTHER:

ACTION NECESSARY ☐

NO ACTION NECESSARY ☐

CONCURRENCE ☐

COMMENT ☐

DATE ANSWERED:

BY:

CLASSIF:

POST OFFICE

U

REG. NO:

DESCRIPTION: (Must Be Unclassified)

Ltr trans:

FILE CODE:

Docket: 50-269, 50-270, 50-287 & 70-1296

REFERRED TO

DATE

RECEIVED BY

DATE

Saltzman:

1 extra cy

Distribution:

Reg File 4 cys

PDR 4 cys

LPDR 1 cys

Clark 1 cy

NSIC 1 cy

DTIE 1 cy

ENCLOSURES:

Endorsement #24 to NELIA Policy  
#NF-182 & Endorsement #12 to MAELU  
Policy No. MF-61

REMARKS:

ACKNOWLEDGED  
DO NOT REMOVE

6150

RG

U. S. ATOMIC ENERGY COMMISSION

MAIL CONTROL FORM

FORM AEC-3265  
(8-60)

DOCKET NO.

50-269,50-287  
50-270,70-1296

DUKE POWER COMPANY

P. O. BOX 2178

CHARLOTTE, N. C. 28201

KENNETH C. STONEBRAKER  
ASSISTANT CONTROLLER

Regulatory Docket File

TELEPHONE: AREA 704  
374-4866

August 7, 1973

Mr. James Saltzman  
Division of Reactor Licensing  
Atomic Energy Commission  
Washington, D.C. 20545

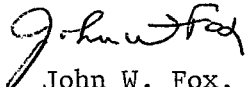


Subject: Oconee Units 1,2&3  
NELIA - Pol. No. NF-182  
MAELU - Pol. No. MF-61

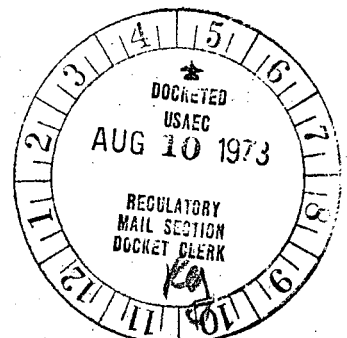
Dear Mr. Saltzman:

Attached you will find six (6) copies of Endorsement No. 24 to NELIA Pol. No. NF-182 and MAELU Pol. No. MF-61 with Endorsement No. 12.

Yours very truly,

  
John W. Fox, Manager  
Insurance

cc: Paul Barton - Steam Production



6150



# NUCLEAR ENERGY LIABILITY INSURANCE

## MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

1. AMENDMENT OF ADVANCE PREMIUM ENDORSEMENT
2. STANDARD PREMIUM AND RESERVE PREMIUM ENDORSEMENT
3. ADDITIONAL PREMIUM DUE

1. Advance Premium

It is agreed that the Amended Advance Premium due the companies for the calendar year 1973 is \$45,992.17.

2. Standard Premium and Reserve Premium

Subject to the provisions of the Industry Credit Rating Plan, it is agreed that the Standard Premium and Reserve Premium for the calendar year designated above are:

Standard Premium \$45,992.17

Reserve Premium \$32,396.35

3. Additional Premium Due \$2,485.21.

Effective Date of this Endorsement January 1, 1973 To form a part of Policy No. ME 61

Issued to Duke Power Company

Date of Issue July 17, 1973

THIS IS TO CERTIFY THAT THIS IS A  
TRUE COPY OF ENDORSEMENT NO. 12  
MADE PART OF NUCLEAR ENERGY POLICY,  
(FACILITY FORM) NO. ME 61 NO  
INSURANCE IS AFFORDED UNDER THIS  
TRUE COPY.



KENNETH J. JONES, SECRETARY

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By \_\_\_\_\_

THE FURMAN CO.

  
AUTHORIZED REPRESENTATIVE

Endorsement No. 12

Countersigned by \_\_\_\_\_

Nuclear Energy Liability Insurance  
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

Calendar Year 1973

COPY

It is agreed that Items 1a. and 1b. of Endorsement No. \_\_\_\_\_ are amended to read:

- 1a. ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is: \$ 158,621.48
- 1b. 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 Credit Rating Plan, the Standard Premium is said Advance Premium and the Reserve Premium is: \$ 118,222.94

Additional Premium: \$8,560.19

This is to certify that this Endorsement No. 24 is a true copy of the original Endorsement No. 24 which is a part of Nuclear Energy Liability Policy (Facility Form) No. NF-182. No insurance is afforded hereunder.

COPY

Effective Date of January 1, 1973  
this Endorsement

12:01 A.M. Standard Time

To form a part of Policy No. NF-182

Issued to Duke Power Company

Date of Issue July 9, 1973

For the Subscribing Companies

Charles R. Barger  
CHARLES R. BARGER, UNDERWRITING MANAGER  
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

By Joseph M. Carney  
General Manager

THE FURMAN CO.

Endorsement No. 25

Counter signed by [Signature]

# NUCLEAR ENERGY LIABILITY INSURANCE

## MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

### SUPPLEMENTARY ENDORSEMENT WAIVER OF DEFENSES REACTOR CONSTRUCTION AT THE FACILITY

It is agreed that in construing the application of paragraph 2(b) of the Waiver of Defenses Endorsement (NE-33) with respect to an extraordinary nuclear occurrence occurring at the facility, a claimant who is employed at the facility in connection with the construction of a nuclear reactor with respect to which no operating license has been issued by the Atomic Energy Commission shall not be considered as employed in connection with the activity where the extraordinary nuclear occurrence takes place if:

- (1) the claimant is employed exclusively in connection with the construction of a nuclear reactor, including all related equipment and installations at the facility, and
- (2) no operating license has been issued by the Atomic Energy Commission with respect to the nuclear reactor, and
- (3) the claimant is not employed in connection with the possession, storage, use or transfer of nuclear material at the facility.

Effective Date of this Endorsement February 6, 1973 To form a part of Policy No. MF-61

Issued to Duke Power Company

Date of Issue March 29, 1973

THIS IS TO CERTIFY THAT THIS IS A  
TRUE COPY OF ENDORSEMENT NO. 8  
MADE PART OF NUCLEAR ENERGY POLICY  
(FACILITY FORM) NO. MF 61 NO  
INSURANCE IS AFFORDED UNDER THIS  
TRUE COPY.

*K. J. Jones*  
KENNETH J. JONES SECRETARY,  
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By \_\_\_\_\_

Endorsement No. 8

Countersigned by \_\_\_\_\_

AUTHORIZED REPRESENTATIVE

# NUCLEAR ENERGY LIABILITY INSURANCE

## MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

### AMENDATORY ENDORSEMENT (Application of Policy)

It is agreed that Insuring Agreement IV of the policy, captioned "Application of Policy" is amended to read as follows:

APPLICATION OF POLICY This policy applies only to bodily injury or property damage (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 ten years after the end of the policy period.

Effective Date of this Endorsement February 6, 1973 To form a part of Policy No. MF - 61

Issued to Duke Power Company

Date of Issue March 29, 1973

THIS IS TO CERTIFY THAT THIS IS A  
TRUE COPY OF ENDORSEMENT NO. 9  
MADE PART OF NUCLEAR ENERGY POLICY  
(FACILITY FORM) NO. MF 61 NO  
INSURANCE IS AFFORDED UNDER THIS  
TRUE COPY.

*K. J. Jones*  
KENNETH J. JONES, SECRETARY

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By \_\_\_\_\_

Endorsement No. 9

Countersigned by \_\_\_\_\_

AUTHORIZED REPRESENTATIVE

# NUCLEAR ENERGY LIABILITY INSURANCE

## MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

### Amendment of Name of Member Company Endorsement

It is agreed that the name "SENTRY INSURANCE A MUTUAL COMPANY" is substituted for "HARDWARE MUTUAL CASUALTY COMPANY" wherever it appears in the policy.

Effective Date of this Endorsement February 6, 1973 To form a part of Policy No. MF-61

Issued to Duke Power Company

Date of Issue March 29, 1973

THIS IS TO CERTIFY THAT THIS IS A  
TRUE COPY OF ENDORSEMENT NO. 10  
MADE PART OF NUCLEAR ENERGY POLICY  
(FACILITY FORM) NO. MF 61 NO  
INSURANCE IS AFFORDED UNDER THIS  
TRUE COPY.

*K. J. Jones*  
KENNETH J. JONES, SECRETARY  
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By \_\_\_\_\_

Endorsement No. 10

Countersigned by \_\_\_\_\_

AUTHORIZED REPRESENTATIVE

# NUCLEAR ENERGY LIABILITY INSURANCE

## MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

### ADVANCE PREMIUM ENDORSEMENT AND STANDARD PREMIUM AND RESERVE PREMIUM ENDORSEMENT CALENDAR YEAR 1973

#### 1. Advance Premium

It is agreed that the Advance Premium due the companies for the calendar year 1973 is \$43,506.96

#### 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 Credit Rating Plan, the Standard Premium and Reserve Premium for calendar year 1973 are:

Standard Premium \$43,506.96

Reserve Premium \$32,396.35

Effective Date of this Endorsement February 6, 1973 To form a part of Policy No. MF-61

Issued to Duke Power Company

Date of Issue March 29, 1973

THIS IS TO CERTIFY THAT THIS IS A  
TRUE COPY OF ENDORSEMENT NO. 11  
MADE PART OF NUCLEAR ENERGY POLICY  
(FACILITY FORM) NO. MF 61 NO  
INSURANCE IS AFFORDED UNDER THIS  
TRUE COPY.

For the Subscribing Companies

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

By \_\_\_\_\_

KENNETH J. JONES, SECRETARY  
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

Endorsement No. 11

Countersigned by \_\_\_\_\_



# NUCLEAR ENERGY LIABILITY POLICY (FACILITY FORM)

## Amendment of Transportation Coverage

### (Indemnified Nuclear Facility)

It is agreed that the definition of "insured shipment" in Insuring Agreement III is amended to read:

"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 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.

**NE-1**

2/1/57

PRINTED  
IN  
U.S.A.

INSTRUCTION: This endorsement is to be used to broaden the transportation coverage when the Nuclear Energy Liability Policy (Facility Form) is issued to an insured who is required to furnish financial protection under Section 170 of the Atomic Energy Act.

**NE-1**

2/1/57

# NUCLEAR ENERGY LIABILITY POLICY (FACILITY FORM)

Amount and of Transportation Coverage

(Indemnified Nuclear Facility)

It is agreed that the definition of "insured shipment" in Insuring Agreement III is amended to read:

"Insured shipment" means a shipment of source material, special nuclear material, spent fuel or waste, from a "nuclear facility" (1) to the facility from any location except an indemnified nuclear facility but only if the transportation of the material is not by prearrangement 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 with the material is removed from a transporting conveyance for any purpose other than the continuation of its transportation.

FILE-1  
2/2/57

THIRTEEN: This endorsement is to be used to broaden the transportation coverage which the Nuclear Energy Liability Policy (Facility Form) is issued to as required who is required to furnish financial protection under Section 170 of the Atomic Energy Act.

FILE-1  
2/2/57

**MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS**

AMERICAN MUTUAL LIABILITY INSURANCE COMPANY, Wakefield, Massachusetts  
EMPLOYERS MUTUAL LIABILITY INSURANCE COMPANY OF WISCONSIN, Wausau, Wisconsin  
HARDWARE MUTUAL CASUALTY COMPANY, Stevens Point, Wisconsin  
LIBERTY MUTUAL INSURANCE COMPANY, Boston, Massachusetts  
LUMBERMENS MUTUAL CASUALTY COMPANY, Chicago, Illinois  
MICHIGAN MUTUAL LIABILITY COMPANY, Detroit, Michigan

**NUCLEAR ENERGY LIABILITY POLICY**  
(FACILITY FORM)

**SPECIMEN**

# MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

919 North Michigan Avenue, Chicago 11, Illinois

Nuclear Energy Liability Policy No. **MF**\_\_\_\_\_  
(Facility Form)

## DECLARATIONS

Item 1. Named Insured\_\_\_\_\_

Address\_\_\_\_\_

(No.	Street	Town or City	State)
------	--------	--------------	--------

Item 2. Policy Period: Beginning at 12:01 A.M. on the\_\_\_\_\_ day of\_\_\_\_\_, 19\_\_\_\_\_,  
and continuing through the effective date of the cancelation or termination of this policy, standard time at the address  
of the named insured as stated herein.

Item 3. Description of the Facility:

Location\_\_\_\_\_

---

---

---

---

---

---

---

---

Type\_\_\_\_\_

---

---

---

The Operator of the facility is\_\_\_\_\_

Item 4. The limit of the companies' liability is \$\_\_\_\_\_ subject to all the terms of this policy having  
reference thereto.

Item 5. Advance Premium \$\_\_\_\_\_

Item 6. These declarations and the schedules forming a part hereof give a complete description of the facility, insofar as it  
relates to the nuclear energy hazard, except as noted\_\_\_\_\_

---

Date of Issue\_\_\_\_\_

Countersigned by\_\_\_\_\_

Authorized Representative

# NUCLEAR ENERGY LIABILITY POLICY

(FACILITY FORM)

## MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

AMERICAN MUTUAL LIABILITY INSURANCE COMPANY, Wakefield, Massachusetts  
EMPLOYERS MUTUAL LIABILITY INSURANCE COMPANY OF WISCONSIN, Wausau, Wisconsin  
HARDWARE MUTUAL CASUALTY COMPANY, Stevens Point, Wisconsin  
LIBERTY MUTUAL INSURANCE COMPANY, Boston, Massachusetts  
LUMBERMENS MUTUAL CASUALTY COMPANY, Chicago, Illinois  
MICHIGAN MUTUAL LIABILITY COMPANY, Detroit, Michigan

The undersigned members of Mutual Atomic Energy Liability Underwriters, hereinafter called the "companies," each for itself, severally and not jointly, and in the respective proportions hereinafter set forth, agree with the insured, named in the declarations made a part hereof, in consideration of the premium and in reliance upon the statements in the declarations and subject to the limit of liability, exclusions, conditions and other terms of this policy:

## INSURING AGREEMENTS

### I Coverage A — BODILY INJURY AND PROPERTY DAMAGE LIABILITY To pay on behalf of the insured:

- (1) all sums which the insured shall become legally obligated to pay as damages because of bodily injury or property damage caused by the nuclear energy hazard, and the companies shall defend any suit against the insured alleging such bodily injury or property damage and seeking damages which are payable under the terms of this policy; but the companies may make such investigation, negotiation and settlement of any claim or suit as they deem expedient;
- (2) costs taxed against the insured in any such suit and interest on any judgment therein;
- (3) premiums on appeal bonds and on bonds to release attachments in any such suit, but without obligation to apply for or furnish such bonds;
- (4) reasonable expenses, other than loss of earnings, incurred by the insured at the companies' request.

**Coverage B — DAMAGE TO PROPERTY OF AN INSURED AWAY FROM THE FACILITY** With respect to property damage caused by the nuclear energy hazard to property of an insured which is away from the facility, to pay to such insured those sums which such insured would have been legally obligated to pay as damages therefor, had such property belonged to another.

**Coverage C — SUBROGATION — OFFSITE EMPLOYEES** With respect to bodily injury sustained by any employee of an insured and caused by the nuclear energy hazard, to pay to the workmen's compensation carrier of such insured all sums which such carrier would have been entitled to recover and retain as damages from another person or organization, had such person or organization alone been legally responsible for such bodily injury, by reason of the rights acquired by subrogation by the payment of the benefits required of such carrier under the applicable workmen's compensation or occupational disease law. An employer who is a duly qualified self-insurer under such law shall be deemed to be a workmen's compensation carrier within the meaning of this coverage. This Coverage C does not apply to bodily injury sustained by any person who is employed at and in connection with the facility.

This Coverage C shall not constitute workmen's compensation insurance as required under the laws of any state.

### II DEFINITION OF INSURED The unqualified word "insured" includes (a) the named insured and (b) any other person or organization with respect to his legal responsibility for damages because of bodily injury or property damage caused by the nuclear energy hazard.

Subdivision (b) above does not include as an insured the United States of America or any of its agencies.

Subject to Condition 3 and the other provisions of this policy, the insurance applies separately to each insured against whom claim is made or suit is brought.

### DEFINITIONS Wherever used in this policy:

**"bodily injury"** means bodily injury, sickness or disease, including death resulting therefrom, sustained by any person;

**"property damage"** means physical injury to or destruction or radioactive contamination of property, and loss of use of property so injured, destroyed or contaminated, and loss of use of property while evacuated or withdrawn from use because possibly so contaminated or because of imminent danger of such contamination;

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

**"source material," "special nuclear material," and "byproduct material"** have the meanings given them 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;

**"waste"** means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (1) or (2) thereof;

**"the facility"** means the facility described in the declarations and includes the location designated in Item 3 of the declarations and all property and operations at such location;

**"nuclear facility"** means "the facility" as defined in any Nuclear Energy Liability Policy (Facility Form) issued by the companies or by Nuclear Energy Liability Insurance Association. The term "nuclear facility" also means

- (1) any nuclear reactor,
- (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 waste,
- (3) 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,
- (4) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste,

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

**"indemnified nuclear facility"** means

- (1) "the facility" as defined in any Nuclear Energy Liability Policy (Facility Form) issued by the companies or by Nuclear Energy Liability Insurance Association, or
  - (2) any other nuclear facility,
- if financial protection is required pursuant to the Atomic Energy

Act of 1954, or any law amendatory thereof, with respect to any activities or operations conducted thereat;

**"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 energy hazard"** means the radioactive, toxic, explosive or other hazardous properties of nuclear material, but only if

- (1) the nuclear material is at the facility or has been discharged or dispersed therefrom without intent to relinquish possession or custody thereof to any person or organization, or
- (2) the nuclear material is in an insured shipment which is (a) in the course of transportation, including handling and temporary storage incidental thereto, within the territorial limits of the United States of America, its territories or possessions, Puerto Rico or the Canal Zone and (b) away from any other nuclear facility;

**"insured shipment"** means a shipment of source material, special nuclear material, spent fuel or waste, herein called "material," (1) to the facility from a nuclear facility owned by the United States of America, but only if the transportation of the material is not by predetermination to be interrupted by the 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 except an indemnified nuclear facility, but only until the material is removed from a transporting conveyance for any purpose other than the continuation of its transportation.

**APPLICATION OF POLICY** This policy applies only to bodily injury or property damage (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 two years after the end of the policy period.

IV

## EXCLUSIONS

### This policy does not apply:

- (a) to any obligation for which the insured or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;
- (b) except with respect to liability of another assumed by the insured under contract, to bodily injury to any employee of the insured arising out of and in the course of his employment by the insured; but this exclusion does not apply to bodily injury to any person who is not employed at and in connection with the facility if the insured has complied with the requirements of the applicable workmen's compensation or occupational disease law respecting the securing of compensation benefits thereunder to his employees;
- (c) to liability assumed by the insured under contract, other than an assumption in a contract with another of the liability of any person or organization which would be imposed by law on such person or organization in the absence of an express assumption of liability;
- (d) to bodily injury or property damage due to the manufacturing,

handling or use at the location designated in Item 3 of the declarations, in time of peace or war, of any nuclear weapon or other instrument of war utilizing special nuclear material or byproduct material;

- (e) to bodily injury or property damage 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;
- (f) to property damage to any property at the location designated in Item 3 of the declarations, other than aircraft, watercraft or vehicles licensed for highway use, provided such aircraft, watercraft or vehicles are not used in connection with the operation of the facility;
- (g) to property damage to nuclear material in the course of transportation to or from the facility including handling or storage incidental thereto;
- (h) under Coverage B, to property damage due to neglect of the insured to use all reasonable means to save and preserve the property after knowledge of the occurrence resulting in such property damage.

## CONDITIONS

**1 PREMIUM** The named insured shall pay the companies the advance premium stated in the declarations, for the period from the effective date of this policy through December 31 following. Thereafter, at the beginning of each calendar year while this policy is in force, the named insured shall pay the advance premium for such year to the companies. The advance premium for each calendar year shall be stated in a written notice given by the companies to the named insured as soon as practicable prior to or after the beginning of such year.

Such advance premiums are estimated premiums only. As soon as practicable after each December 31 and after the termination of this policy, the earned premium for the preceding premium period shall be computed in accordance with the companies' rules, rates, rating plans, premiums and minimum premiums applicable to this insurance. If the earned premium thus computed for any premium period exceeds the advance premium previously paid for such period, the named insured shall pay the excess to the companies; if less, the companies shall return to the named insured the unearned portion paid by such insured.

The named insured 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 policy period and at such other times during the policy period as the companies may direct.

**2 INSPECTION; SUSPENSION** The companies shall be permitted to inspect the facility and to examine the insured's books and records at any time, as far as they relate to the subject matter of this insurance.

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 non-compliance 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 continuance of such dangerous condition, and to the United States

Atomic Energy Commission, suspend the 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.

**LIMIT OF LIABILITY; TERMINATION OF POLICY UPON EXHAUSTION OF LIMIT** Regardless of the number of persons and organizations who are insureds under this policy, and regardless of the number of claims made and suits brought against any or all insureds because of one or more occurrences resulting in bodily injury or property damage caused during the policy period by the nuclear energy hazard, the limit of the companies' liability stated in the declarations is the total liability of the companies for their obligations under this policy and the expenses incurred by the companies in connection with such obligations, including

- (a) payments in settlement of claims and in satisfaction of judgments against the insureds for damages because of bodily injury or property damage, payments made under parts (2), (3) and (4) of Coverage A and payments made in settlement of claims under Coverages B and C;
- (b) payments for expenses incurred in the investigation, negotiation, settlement and defense of any claim or suit, including, but not limited to, the cost of such services by salaried employees of the companies, fees and expenses of independent adjusters, attorneys' fees and disbursements, expenses for expert testimony, inspection and appraisal of property, examination, X-ray or autopsy or medical expenses of any kind;
- (c) payments for expenses incurred by the companies in investigating an occurrence resulting in bodily injury or property damage or in minimizing its effects.

Each payment made by the companies in discharge of their obligations under this policy or for expenses incurred in connection with such obligations shall reduce by the amount of such payment the limit of the companies' liability under this policy.

3

If, during the policy period or subsequent thereto, the total of such payments made by the companies shall exhaust the limit of the companies' liability under this policy, all liability and obligations of the companies under this policy shall thereupon terminate and shall be conclusively presumed to have been discharged. This policy, if not theretofore canceled, shall thereupon automatically terminate.

Regardless of the number of years this policy shall continue in force and the number of premiums which shall be payable or paid, the limit of the companies' liability stated in the declarations shall not be cumulative from year to year.

#### 4 **LIMITATION OF LIABILITY; COMMON OCCURRENCE** Any occurrence or series of occurrences resulting in bodily injury or property damage arising out of the radioactive, toxic, explosive or other hazardous properties of

(a) nuclear material discharged or dispersed from the facility over a period of days, weeks, months or longer and also arising out of such properties of other nuclear material so discharged or dispersed from one or more other nuclear facilities insured by the companies under a Nuclear Energy Liability Policy (Facility Form), or

(b) source material, special nuclear material, spent fuel or waste in the course of transportation for which insurance is afforded under this policy and also arising out of such properties of other source material, special nuclear material, spent fuel or waste in the course of transportation for which insurance is afforded under one or more other Nuclear Energy Liability Policies (Facility Form) issued by the companies,

shall be deemed to be a common occurrence resulting in bodily injury or property damage caused by the nuclear energy hazard.

With respect to such bodily injury and property damage (1) the total aggregate liability of the companies under all Nuclear Energy Liability Policies (Facility Form), including this policy, applicable to such common occurrence shall be the sum of the limits of liability of all such policies, the limit of liability of each such policy being as determined by Condition 3 thereof, but in no event shall such total aggregate liability of the companies exceed \$13,500,000; (2) the total liability of the companies under this policy shall not exceed that proportion of the total aggregate liability of the companies, as stated in clause (1) above, which (a) the limit of liability of this policy, as determined by Condition 3, bears to (b) the sum of the limits of liability of all such policies issued by the companies, the limit of liability of each such policy being as determined by Condition 3, thereof.

The provisions of this condition shall not operate to increase the limit of the companies' liability under this policy.

#### 5 **NOTICE OF OCCURRENCE, CLAIM OR SUIT** In the event of bodily injury or property damage to which this policy applies or of an occurrence which may give rise to claims therefor, written notice containing particulars sufficient to identify the insured and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the insured to Mutual Atomic Energy Liability Underwriters or the companies as soon as practicable. If claim is made or suit is brought against the insured, he shall immediately forward to Mutual Atomic Energy Liability Underwriters or the companies every demand, notice, summons or other process received by him or his representative.

#### 6 **ASSISTANCE AND COOPERATION OF THE INSURED** The insured shall cooperate with the companies and, upon the companies' request, attend hearings and trials and 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 his own cost, make any payment, assume any obligation or incur any expense.

#### 7 **ACTION AGAINST COMPANIES — Coverages A and C** No action 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 this 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 or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall

have any right under this policy 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 his legal representative. Bankruptcy or insolvency of the insured or of the insured's estate shall not relieve the companies of any of their obligations hereunder.

#### **ACTION AGAINST COMPANIES — Coverage B** No suit or action on this policy for the recovery of any claim for property damage to which Coverage B applies shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with and unless commenced within two years after the occurrence resulting in such property damage.

#### **INSURED'S DUTIES WHEN LOSS OCCURS — Coverage B** In the event of property damage to which Coverage B applies, the insured shall furnish a complete inventory of the property damage claimed, showing in detail the amount thereof. Within ninety-one days after the occurrence resulting in such property damage, unless such time is extended in writing by the companies, the insured shall render to the companies a proof of loss, signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following: identification of such occurrence; the interest of the insured in the property destroyed or damaged, and the amount of each item of property damage claimed; all encumbrances on such property; and all other contracts of insurance, whether valid or not, covering any of such property. The insured shall include in the proof of loss a copy of all descriptions and schedules in all policies. Upon the companies' request, the insured shall furnish verified plans and specifications of any such property. The insured, as often as may be reasonably required, shall exhibit to any person designated by the companies any of such property, and submit to examinations under oath by any person named by the companies and subscribe the same; and, as often as may be reasonably required, shall produce for examination all books of account, records, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the companies or their representatives, and shall permit extracts and copies thereof to be made.

#### **APPRAISAL — Coverage B** In case the insured and the companies shall fail to agree as to the amount of property damage, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty days of such demand. The appraisers shall first select a competent and disinterested umpire and, failing for fifteen days to agree upon such umpire, then, on request of the insured or the companies, such umpire shall be selected by a judge of a court of record in the state in which the property is located. The appraisers shall then appraise each item of property damage and, failing to agree, shall submit their differences only to the umpire. An award in writing, so itemized, of any two when filed with the companies shall determine the amount of property damage. Each appraiser shall be paid by the party selecting him and the expenses of the appraisal and umpire shall be paid by the parties equally. The companies shall not be held to have waived any of their rights by any act relating to appraisal.

#### **SUBROGATION** In the event of any payment under 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 do whatever else is necessary to secure such rights. Prior to knowledge of bodily injury or property damage caused by the nuclear energy hazard the insured may waive in writing any 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 rights of subrogation acquired against the United States of America or any of its agencies by reason of any payment under this policy.

The companies do not relinquish, by the foregoing provisions, any right to restitution from the insured out of any recoveries made by the insured on account of a loss covered by this policy of any amounts to which the companies would be entitled had such provisions, or any of them, not been included in this policy.

#### **OTHER INSURANCE** If the insurance afforded by this policy for loss or expense is concurrent with insurance afforded for such loss or expense by a Nuclear Energy Liability Policy (Facility Form) issued to the named insured by Nuclear Energy Liability Insurance Association, hereinafter called "concurrent insurance," the companies

shall not be liable under this policy for a greater proportion of such loss or expense than the limit of liability stated in the declarations of this policy bears to the sum of such limit and the limit of liability stated in the declarations of such concurrent policy.

If the insured has other valid and collectible insurance (other than such concurrent insurance or any other nuclear energy liability insurance issued by the companies or Nuclear Energy Liability Insurance Association to any person or organization) applicable to loss or expense covered by this policy, the insurance afforded by this policy shall be excess insurance over such other insurance; provided, with respect to any person who is not employed at and in connection with the facility, such insurance as is afforded by this policy for bodily injury to an employee of the insured arising out of and in the course of his employment shall be primary insurance under such other insurance.

**13 CHANGES** Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop the companies from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy executed by Mutual Atomic Energy Liability Underwriters on behalf of the companies.

**14 ASSIGNMENT** Assignment of interest by the named insured shall not bind the companies until their consent is endorsed hereon; if, however, the named insured shall die or be declared bankrupt or insolvent, this policy shall cover such insured's legal representative, receiver or trustee as an insured under this policy, but only with respect to his liability as such, and then only provided written notice of his appointment as legal representative, receiver or trustee is given to the companies within ten days after such appointment.

**15 CANCELATION** This policy may be canceled by the named insured by mailing to the companies and the United States Atomic Energy Commission written notice stating when, not less than thirty days thereafter, such cancellation shall be effective. This policy may be canceled by the companies by mailing to the named insured at the address shown in this policy and to the United States Atomic Energy Commission written notice stating when, not less than ninety 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, is replaced by another person or organization, this policy may be canceled by the companies by mailing to the named insured at the address shown in this policy and to the United States Atomic Energy Commission written notice stating when, not less than thirty 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 policy period. Delivery of such written notice either by the named insured or by the companies shall be equivalent to mailing.

Upon termination or cancellation of this policy, other than as of the end of December 31 in any year, the earned premium for the period this policy has been in force since the preceding December 31 shall be computed in accordance with the following provisions:

- (a) if this policy is terminated, pursuant to Condition 3, by reason of the exhaustion of the limit of the companies' liability, all premium theretofore paid or payable shall be fully earned;
- (b) if the named insured cancels, the earned premium for such period shall be computed in accordance with the customary annual short rate table and procedure, provided if the named insured cancels after knowledge of bodily injury or property damage caused by the nuclear energy hazard, all premiums theretofore paid or payable shall be fully earned;
- (c) if the companies cancel, the earned premium for such period shall be computed pro rata.

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

#### COMPANY REPRESENTATION

- (a) Any notice, sworn statement or proof of loss which may be required by the provisions of this policy may be given to any one of the companies, and such notice, statement or proof of loss so given shall be valid and binding as to all companies.
- (b) In any action or suit against the companies, service of process may be made on any one of them, and such service shall be deemed valid and binding service on all companies.
- (c) Mutual Atomic Energy Liability Underwriters is the agent of the companies with respect to all matters pertaining to this insurance. All notices or other communications required by this policy to be given to the companies may be given to such agent, at its office at 919 North Michigan Avenue, Chicago 11, Illinois 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.

**AUTHORIZATION OF NAMED INSURED** Except with respect to compliance with the obligations imposed on the insured by Conditions 5, 6, 7, 8, 9, 10 and 11 of this policy, the named insured is authorized to act for every other insured in all matters pertaining to this insurance.

**CHANGES IN SUBSCRIBING COMPANIES AND IN THEIR PROPORTIONATE LIABILITY** By acceptance of this policy the named insured agrees that the members of Mutual Atomic Energy Liability Underwriters liable under this policy, and the proportionate liability of each such member, may change from year to year. Any such change shall be stated in an endorsement entitled "Changes in Subscribing Companies and in Their Proportionate Liability" issued to form a part of this policy, duly executed on behalf of the companies subscribing such endorsement and mailed or delivered to the named insured, and the named insured further agrees 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 or property damage caused, during the period from the effective date of this policy to the effective date of the first such endorsement, by the nuclear energy hazard;
- (2) this policy shall remain continuously in effect from the effective date stated in the declarations until terminated in accordance with Condition 3 or Condition 15;
- (3) neither the liability of any company nor the limit of liability stated in the declarations shall be cumulative from year to year.

**DECLARATIONS** By acceptance of this policy the named insured agrees that the statements in the declarations are the agreements and representations of the named insured, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements between the named insured and the companies or any of their agents relating to this insurance.

**MUTUAL POLICY CONDITION** This policy is nonassessable. The named insured is a member of each of the companies and shall participate, to the extent and upon the conditions fixed and determined by its board of directors in accordance with the provisions of law, in the distribution of dividends so fixed and determined.



IN WITNESS WHEREOF, each of the subscribing companies has caused this policy to be executed by it, attested on its behalf by an officer of Mutual Atomic Energy Liability Underwriters and duly countersigned on the declarations page by an authorized representative.

<u>SUBSCRIBING COMPANIES</u>	<u>PROPORTION OF 100%</u>
(1) American Mutual Liability Insurance Company	_____%
_____ Secretary	_____ President
(2) Employers Mutual Liability Insurance Company of Wisconsin	_____%
_____ Secretary	_____ President
(3) Hardware Mutual Casualty Company	_____%
_____ Secretary	_____ President
(4) Liberty Mutual Insurance Company	_____%
_____ Secretary	_____ President
(5) Lumbermens Mutual Casualty Company	_____%
_____ Secretary	_____ President
(6) Michigan Mutual Liability Company	_____%
_____ Secretary	_____ President

\_\_\_\_\_  
100 %

ATTEST:

By.....  
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

# **NUCLEAR ENERGY LIABILITY POLICY**

No. MF-.....

## **MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS**

**AMERICAN MUTUAL LIABILITY INSURANCE COMPANY**  
Wakefield, Massachusetts

**LIBERTY MUTUAL INSURANCE COMPANY**  
Boston, Massachusetts

**EMPLOYERS MUTUAL LIABILITY INSURANCE COMPANY  
OF WISCONSIN**  
Wausau, Wisconsin

**LUMBERMENS MUTUAL CASUALTY COMPANY**  
Chicago, Illinois

**HARDWARE MUTUAL CASUALTY COMPANY**  
Stevens Point, Wisconsin

**MICHIGAN MUTUAL LIABILITY COMPANY**  
Detroit, Michigan

The named insured is hereby notified that by virtue of this policy he is a member of each of the companies and is entitled to vote either in person or by proxy at any and all meetings of each of the companies.

The annual meetings of each of the companies are held at the time and place stated herein.

This policy is nonassessable.

---

## **NOTICE OF ANNUAL MEETINGS**

The annual meetings of **AMERICAN MUTUAL LIABILITY INSURANCE COMPANY** are held at its home office in Wakefield, Massachusetts, on the third Wednesday of March in each year, at eleven o'clock in the morning.

The annual meetings of **EMPLOYERS MUTUAL LIABILITY INSURANCE COMPANY OF WISCONSIN** are held at its home office in Wausau, Wisconsin, on the third Friday of February in each year, at ten o'clock in the morning.

The annual meetings of **HARDWARE MUTUAL CASUALTY COMPANY** are held at its home office in Stevens Point, Wisconsin, on the third Wednesday of April in each year, at nine o'clock in the morning.

The annual meetings of **LIBERTY MUTUAL INSURANCE COMPANY** are held at its home office in Boston, Massachusetts, on the second Wednesday of April in each year, at eleven o'clock in the morning.

The annual meetings of **LUMBERMENS MUTUAL CASUALTY COMPANY** are held at its home office in Chicago, Illinois, on the third Tuesday of May in each year, at eleven o'clock in the morning.

The annual meetings of **MICHIGAN MUTUAL LIABILITY COMPANY** are held at its home office in Detroit, Michigan, on the last Thursday of March in each year at 10:30 o'clock in the morning.