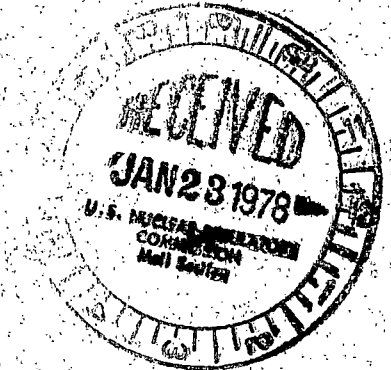


REGULATORY DOCKET FILE COPY

Copy From
JOHNSON & HIGGINS
18TH FLOOR, THE EIGHTH AND MAIN BUILDING
707 EAST MAIN STREET
P. O. BOX 1137, RICHMOND, VIRGINIA 23208
TEL. 804/788-8801

January 17, 1978



Mr. Stewart Foulke, Jr.
Manager, Insurance Department
Virginia Electric & Power Company
700 East Main Street
Richmond, Virginia 23219

Re: Secondary Financial Protection Coverage
MAELU XB63

Dear Stewart:

Supplementing our earlier letters on the Secondary Financial Protection Binder, we are pleased to enclose the invoices from Mutual Atomic Energy Liability Underwriters for the pro-rata period 11/26/77 to 12/31/77 and the annualized premium for 1/1/78 to 12/31/78. If you have any questions, please don't hesitate to give me a call.

Incidentally, in accordance with your earlier instructions, we are sending two certified copies of Binder XB63 to Ira Dinitz at the Nuclear Regulatory Commission.



Very truly yours,

Paul
Paul J. Kelley

PJK/dm

780230049

Enclosure

cc: Mr. Ira Dinitz  COPY FOR 

Ira:

The attached are self-explanatory.

Paul Kelley

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Doo 3/5
1/2

Nuclear Energy Liability Insurance
MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

- 1) ANNUAL PREMIUM ENDORSEMENT
- 2) SUBSCRIBING COMPANIES AND THEIR PROPORTIONATE LIABILITY ENDORSEMENT

Calendar Year 1978

1. ANNUAL PREMIUM: It is agreed that the Annual Premium due the companies for the period designated above is: \$1,350.00.
2. It is agreed that with respect to (i) bodily injury or property damage caused, during the effective period or this endorsement, by the radioactive, toxic, explosive or other hazardous properties of nuclear material, and (ii) contingent liability as provided in Condition 4 for excess incurred losses because retrospective premium due under one or more binders with respect to such bodily injury or property damage is not paid:
 - a. The word "companies" wherever used in the policy means the subscribing companies listed on the reverse side of this endorsement.
 - b. The policy shall be binding on such companies only.
 - c. Each such company shall be liable only for its proportion designated next to its name of any obligation assumed or expense incurred under the policy.
3. It is agreed that the effective period of this endorsement is from the beginning of the effective date of this endorsement stated below, to the close of December 31st of the Calendar Year designated in the caption above, or to the time of the termination or cancellation of the Draft Master Policy, or this binder, whichever first occurs, eastern standard time.

Effective Date of
this Endorsement January 1, 1978 To form a part of Binder No. XB-63
12:01 A.M. Standard Time

Issued to Virginia Electric and Power Company

Date of Issue December 29, 1977

By Theodore Geras
Secretary

Endorsement No. 2

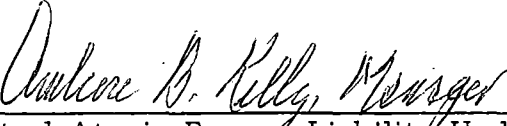
Countersigned by Paul G. Kelley

Subscribing Companies

PROPORTION OF 100%

American Mutual Liability Insurance Company, Wakefield MA	15.0000000
Employers Mutual Liability Insurance Company, Wausau, WI	15.0000000
Liberty Mutual Insurance Company, Boston, MA	45.0000000
Lumbermens Mutual Casualty Company, Long Grove, IL	15.0000000
Michigan Mutual Liability Company, Detroit, MI	5.0000000
Sentry Insurance, A Mutual Company, Stevens Point, WI	5.0000000

This is to certify that this is a true copy of the original endorsement, bearing the number designated hereon, for insurance coverage under the DRAFT MASTER POLICY - NUCLEAR ENERGY LIABILITY POLICY (Secondary Financial Protection) dated June 24, 1977. No insurance is afforded by this copy.



Mutual Atomic Energy Liability Underwriters

Nuclear Energy Liability Insurance

MUTUAL ATOMIC ENERGY LIABILITY UNDERWRITERS

SPECIFICATION OF BINDER EFFECTIVE DATE AND
PREMIUM ENDORSEMENT

It is agreed that:

1. The United States Nuclear Regulatory Commission has issued to the insureds named in Item 1 of the Declarations Operating License No. NPF- 4, effective 11-26-77 for the reactor described in Item 3 of the Declarations of the binder.

2. Item 6 of the Declarations of the binder is deleted and replaced by the following:

Item 6. Portion of our annual premium payable for the companies' contingent liability described in Condition 4 of the Draft Master Policy from the effective date hereof to the end of calendar year 1977: \$ 133.20.

3. Item 8 of the Declarations of the binder is deleted and replaced by the following:

Item 8. Binder period: Beginning 11-26-77, and continuing to the effective date and time of cancelation or termination of the Draft Master Policy or this binder, whichever first occurs, eastern standard time.

Effective Date of

this Endorsement 11-26-77 To form a part of Binder No. XB-63
12:01 A.M. Standard Time

Issued to Virginia Electric Power Co. North Anna #1

Date of Issue 12-31-77

For the subscribing companies

By William B. Kelly
Manager

Endorsement No. 1

Countersigned by Paul G. Kelly

This is to certify that this is a true copy of the original endorsement, bearing the number designated hereon, for insurance coverage under the DRAFT MASTER POLICY - NUCLEAR ENERGY LIABILITY POLICY (Secondary Financial Protection) dated June 24, 1977. No insurance is afforded by this copy.

Theodore Geras

Mutual Atomic Energy Liability Underwriters

BINDER.

INCLUDING

BINDER NO. XB-63

DECLARATIONS AND

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

BINDER

The members of Mutual Atomic Energy Liability Underwriters, hereinafter called the "companies", subscribing this binder, each for itself, severally and not jointly, and in the respective proportions set forth herein, and the insureds named in Item 1 of the Declarations below, agree as follows:

- A. The companies hereby bind insurance to the insureds named in Item 1 of the Declarations in accordance with the provisions of the Draft Master Policy. All rights and obligations of the parties to this binder are set forth in the provisions of the Draft Master Policy, as it may be amended from time to time pursuant to its conditions or paragraph B below.
- B. The term "Draft Master Policy" means the draft of the MASTER POLICY -- NUCLEAR ENERGY LIABILITY POLICY (SECONDARY FINANCIAL PROTECTION) dated June 24, 1977 in the custody of the Nuclear Regulatory Commission, a copy of which is attached hereto, and includes all binders issued by the companies in connection with such Draft Master Policy. The Master Policy, as subsequently issued by the companies, shall cancel and replace this binder and the Draft Master Policy effective as of the time and date of the inception of the binder period.
- C. Such insurance as is provided by the Draft Master Policy applies, through this binder, only:
 - (1) to the insureds identified in Items 1 and 2 of the Declarations below,
 - (2) to bodily injury or property damage
 - (a) with respect to which the primary financial protection described in Item 4 below would apply but for exhaustion of its limit of liability and
 - (b) which is caused during the binder period stated in Item 8 below by the radioactive, toxic, explosive or other hazardous properties of nuclear material and
 - (c) which is discovered and for which written claim is made against the insured not later than ten years after the end of such binder period; provided, however, that with respect to bodily injury or property damage caused by an extraordinary nuclear occurrence this subparagraph (C) shall not operate to bar coverage for bodily

injury or property damage which is discovered and for which written claim is made against the insured not later than twenty years after the date of extraordinary nuclear occurrence.

DECLARATIONS

Item 1. Named insureds and addresses:

Virginia Electric and Power Company - P.O. Box 26666, Richmond,
Virginia 23261

Item 2. Additional insureds:

Any other person or organization who would be covered under primary financial protection described in Item 4 of this binder but for exhaustion of the limit of liability of such primary financial protection.

Item 3. Description and location of the nuclear reactor: Unit 1 of the North Anna Power Station Located in Louisa County, Virginia.

Item 4. Identification of primary financial protection applicable to the nuclear reactor and limit of liability thereof:

Nuclear Energy Liability Insurance Association Policy NF-240 \$108,500,000

Mutual Atomic Energy Liability Underwriters Policy MF- 96 \$31,500,000

Do other nuclear reactors share the limit of liability provided under the primary financial protection? No, not at this time.

Item 5. Maximum retrospective premium (exclusive of allowance for premium taxes) payable to the companies under the Draft Master Policy with respect to each nuclear incident: \$1,125,000.

Item 6. Portion of the annual premium payable for the companies' contingent liability described in Condition 4 of the Draft Master Policy from the effective date hereof to the end of calendar year 1977: The pro rata portion of \$1,350 for the period from the effective date of this binder to the end of the calendar year during which such effective date occurs.

Item 7. Limits of Liability: See Item 3 of the Declarations of the Draft Master Policy.

Item 8. Binder period: Beginning at the same time and date that the Facility Operating License issued by the United States Nuclear Regulatory Commission for the reactor described in Item 3 of this binder becomes effective and continuing to the effective date and time of cancelation or termination of the Draft Master Policy or this binder, whichever first occurs, eastern standard time.

BOND FOR PAYMENT OF RETROSPECTIVE PREMIUMS

Know all Men By These Presents, that the undersigned do hereby acknowledge that they are named insureds under the Draft Master Policy described in the above Binder and Declarations. The named insureds do hereby covenant with and are held and are firmly bound to the subscribing members of Mutual Atomic Energy Liability Underwriters (hereinafter called the "companies") to pay to the companies all retrospective premiums and allowances for premium taxes which shall become due and payable in accordance with the terms of the Draft Master Policy with interest on such premiums and allowances for taxes to be computed at the rate provided in the Draft Master Policy from the date payment thereof is specified to be due the companies in a written notice to the named insured, as provided in Condition 1 of the Draft Master Policy until paid.

And it is hereby expressly agreed that copies of written notices of retrospective premiums and allowances for premium taxes due and payable or other evidence of such amounts due and payable sworn to by a duly authorized representative of the companies shall be prima facie evidence of the fact and extent of the liability of the named insureds for such amounts.

And it is further expressly agreed that the named insureds will indemnify the companies against any and all liability, losses and expenses of whatsoever kind or nature (including but not limited to interest, court costs and counsel fees) which the companies may sustain or incur (1) by reason of the failure of the named insureds to comply with the covenants and provisions of this Bond or (2) in enforcing any of the covenants or provisions of this Bond, or any provisions of the Draft Master Policy relating to such covenants or provisions.

For the purpose of recording this agreement, a photocopy acknowledged before a Notary Public to be a true copy hereof shall be regarded as an original.

THE ABOVE BINDER, DECLARATIONS AND BOND FORM A PART OF THE DRAFT MASTER POLICY. CANCELATION OR TERMINATION OF THE DRAFT MASTER POLICY OR THE BINDER SHALL NOT AFFECT THE OBLIGATIONS OF THE NAMED INSUREDS UNDER THE DRAFT MASTER POLICY OR THE BOND TO PAY THE RETROSPECTIVE PREMIUMS AND ALLOWANCES FOR PREMIUM TAXES WITH RESPECT TO ANY BODILY INJURY OR PROPERTY DAMAGE WHICH IS CAUSED DURING THE BINDER PERIOD.

IN WITNESS WHEREOF, the named insureds have caused this Binder, these Declarations and this Bond for Payment of Retrospective Premiums, to be signed and sealed by a duly authorized officer, to be effective as of the time and date of the inception of the binder period.

Attest or Witness

NAMED INSURED:

Virginia Electric and Power Company

(Named Insured - Type or Print)

By L. L. Eley, Jr. (SEAL)
(Signature of Officer)

L. L. Eley, Jr. - Sr. Vice President

(Type or Print Name & Title of Officer)

Date: December 28, 1977

(Named Insured - Type or Print)

By _____ (SEAL)
(Signature of Officer)

(Type or Print Name & Title of Officer)

Date: _____

(Named Insured - Type or Print)

By _____ (SEAL)
(Signature of Officer)

(Type or Print Name & Title of Officer)

Date: _____

(Named Insured - Type or Print)

By _____ (SEAL)
(Signature of Officer)

(Type or Print Name & Title of Officer)

Date: _____

IN WITNESS WHEREOF, the subscribing companies have caused the Binder and the Declarations to be signed on their behalf by the Manager of Mutual Atomic Energy Liability Underwriters, to be effective as of the time and date of the inception of the binder period, and countersigned below by a duly authorized representative.

Attest or Witness

For the Subscribing Companies of
Mutual Atomic Energy Liability
Underwriters

Michael O'Connell

By Theodore Geras
Theodore Geras, Secretary

Countersigned by _____
(Authorized Representative)

<u>Subscribing Companies</u>	<u>PROPORTION OF 100%</u>
American Mutual Liability Insurance Company, Wakefield, MA	15.0000000
Employers Mutual Liability Insurance Company, Wausau, WI	15.0000000
Liberty Mutual Insurance Company, Boston, MA	45.0000000
Lumbermens Mutual Casualty Company, Long Grove, IL	15.0000000
Michigan Mutual Liability Company, Detroit, MI	5.0000000
Sentry Insurance, A Mutual Company, Stevens Point, WI	5.0000000

This is to certify that this is a true copy of the original binder, bearing the number designated hereon, for insurance coverage under the DRAFT MASTER POLICY - NUCLEAR ENERGY LIABILITY POLICY (Secondary Financial Protection) dated June 24, 1977. No insurance is afforded by this copy.

Andrew B. Kelly, Manager
Mutual Atomic Energy Liability Underwriters