



GPU Service Corporation
260 Cherry Hill Road
Parsippany New Jersey 07054
201 263-4900

50-320

March 1, 1978

Director of Nuclear Reactor Regulation
Mr. Jerome Saltzman
Deputy Chief - Office of Antitrust & Indemnity
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Dear Mr. Saltzman:

Re: Three Mile Island Nuclear - Unit #2
Generating Station
Secondary Financial Protection
Binder No. XB-65

Attached for your files are two certified copies of Binder No. XB-65
evidencing that secondary financial protection is in effect at Three Mile
Island Unit #2.

Very truly yours,

Harry F. Gerety
Manager, Insurance & Claims

pdd

Attachment

cc: (with att.) Messrs. J. G. Herbein) Metropolitan
H. W. Scheithauer) Edison Co.

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GPU Service Corporation is a subsidiary of General Public Utilities Corporation

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BINDER,

INCLUDING

BINDER NO. XB-65

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:

- (a) Metropolitan Edison Company - P. O. Box 542, Reading, Pennsylvania
- (b) Jersey Central Power & Light Company - P. O. Box 1279 R, Morristown, New Jersey 07960
- (c) Pennsylvania Electric Company - P. O. Box 539, Johnstown, Pennsylvania 15907

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 2 of the three mile Island Nuclear Station located in Dauphin, County, Pennsylvania.

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

Nuclear Energy Liability Insurance Association Policy NF-220 \$108,500,000

Mutual Atomic Energy Liability Underwriters Policy NF-73 \$31,500,000

Do other nuclear reactors share the limit of liability provided under the primary financial protection? Yes

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 INSURED 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:

Metropolitan Edison Company
(Named Insured - Type or Print)

By W. G. Kuhns (SEAL)
(Signature of Officer)

W. G. Kuhns, Chairman of the Board
and Chief Executive Officer

(Type or Print Name & Title of Officer)

Date: _____

Jersey Central Power & Light Company
(Named Insured - Type or Print)

By W. G. Kuhns (SEAL)
(Signature of Officer)

W. G. Kuhns, Chairman of the Board
and Chief Executive Officer

(Type or Print Name & Title of Officer)

Date: _____

Pennsylvania Electric Company
(Named Insured - Type or Print)

By W. G. Kuhns (SEAL)
(Signature of Officer)

W. G. Kuhns, Chairman of the Board
and Chief Executive 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: _____

Assistant Secretary

Assistant Secretary

Assistant Secretary

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, Secretary

Countersigned by

Tom L. Buschman, Jr.
(Authorized Representative)

<u>Subscribing Companies</u>	<u>PROPORTION OF 100%</u>
American Mutual Liability Insurance Company, Wakefield, MA	15.00000000
Employers Mutual Liability Insurance Company, Wausau, WI	15.00000000
Liberty Mutual Insurance Company, Boston, MA	45.00000000
Lumbermen's Mutual Casualty Company, Long Grove, IL	15.00000000
Michigan Mutual Liability Company, Detroit, MI	5.00000000
Sentry Insurance, A Mutual Company, Stevens Point, WI	5.00000000

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.

John B. Bell
Mutual Atomic Energy Liability Underwriters

DP Control 9-11

UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION I
631 PARK AVENUE
KING OF PRUSSIA, PENNSYLVANIA 19406

AUG 21 1975

Metropolitan Edison Company
ATTN: Mr. R. C. Arnold
Vice President
P. O. Box 542
Reading, Pennsylvania 19603

License No. CPPR-66
Inspection No. 75-09
Docket No. 50-320

Reference: Your letter dated August 9, 1975
In response to our letter dated July 9, 1975

Gentlemen:

Thank you for the information you have documented in response to our correspondence.

We agree with the statement in your referenced letter that adequate procedures exist to respond to the requirements of 10 CFR 50.55(e). However, implementation of these procedures in this instance does not appear to meet the intent of the Regulations. This intent was expressed in the Statement of Considerations issued with the rule change implementing Part 50.55(e) which states, in part, "...the Commission believes that the rule is necessary, so that the AEC (now NRC) staff will have prompt notification of the deficiency and timely information on which to base an evaluation of the potential safety consequences of the deficiency and determine if further regulatory action is required...." This is considered especially significant when the deficiency involves facilities with operating licenses.

We will continue to review the implementation of your reporting procedures to verify that the intent of the Regulations are being fulfilled.

Should you have any questions regarding this matter, we will be pleased to discuss them with you.

Sincerely,

Robert T. Carlson

Robert T. Carlson, Chief
Facility Construction and
Engineering Support Branch

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cc: (See next page)



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Metropolitan Edison Company

- 2 -

cc: R. L. Wayne, OA Manager
Design and Construction

T. M. Crimmins, Jr.
Safety & Licensing Manager

R. W. Howard, Jr.
Project Manager

W. A. Verrochi, Vice President
Design and Construction

Gerald Charnoff, Esquire

bcc: IE Chief, FS&EB
IE:HQ (5)
DL (4)
DR Central Files
RS (3)
PDR
Local PDR
IE Files
NSIC
TIC
REG:I Reading Room
Miss Mary V. Southard, Chairman, Citizens for a Safe Environment
State of Pennsylvania
ELD

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